

# DAILY REPORT

## Asia & Pacific

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FURTHER DETAILS ON NAKASONE, IMELDA MARCOS TALKS

HK051030 Manila Far East Broadcasting Company in Tagalog 1000 GMT 5 Nov 85

[Text] Japanese Prime Minister Yasuhiro Nakasone told First Lady Mrs Imelda Romualdez Marcos that it is essential for the Philippines and the United States to maintain a good relationship. Nakasone made this remark during his recent meeting with Mrs Marcos in Tokyo. He said that Japan recognizes the importance of this relationship between both countries.

Meanwhile, Mrs Marcos denied that her trip to Japan was made mainly to obtain aid. She said that she went to Japan to ensure that the Philippines and Japan maintained a smooth relationship and that Japan be made aware of the problems faced by the Philippines.

GOVERNMENT STATES POSITION ON SHRINE VISITS

OW050437 Tokyo KYODO in English 0418 GMT 5 Nov 85

[Text] Tokyo, Nov 5 KYODO -- Prime Minister Yasuhiro Nakasone's visit in August to Tokyo's Yasukuni Shrine was not aimed at reinstating wartime Premier Gen. Hideki Tojo or any other class-criminals of World War II, the government said Tuesday.

The statement of the government's position on the controversial visit was approved at Tuesday's Cabinet meeting as the official reply to a question posed by Yutaka Hata, an opposition member of the House of Councillors, during a recent Diet session, officials said.

The Shinto Shrine is dedicated to the country's 2.4 million war dead, including Tojo and other top officers convicted of war crimes by the international military tribunal held in Tokyo after the end of World War II. The convicted class-a war criminals were later hanged.

Nakasone paid the visit "officially," as the first postwar Japanese premier to do so on August 15 to mark the 40th anniversary of the end of the war, prompting protests and demonstrations in neighboring Asian countries such as China and South Korea.

The government statement says Japan accepted the sentences handed down by the Tokyo military tribunal.

Nakasone and his fellow Cabinet ministers paid official visits to Yasukuni Shrine to mourn the war dead in general, and their visits had nothing to do with restoring the reputations of the war criminals, it says. The statement also says the government "is fully aware of" China's criticism of the Yasukuni visit. Tokyo considers that the two countries should maintain a policy of further developing their friendly relations through the "frank exchange of views," it says.

In late September, Chinese university students staged anti-Japanese demonstrations in Beijing, Xian and several other cities.

The statement says the Nakasone administration has no intention of establishing official Yasukuni visits by the prime minister as a formal institution. It is up to the premier of the day to decide whether or not to pay an official visit there, the statement adds.



NIKAIDO URGES REGIONAL LINKS WITH UNITED STATES

OW050841 Tokyo KYODO in English 0827 GMT 5 Nov 85

[Text] Tokyo, Nov. 5 KYODO -- A senior leader of the ruling Liberal-Democratic Party (LDP) Tuesday urged greater regional links between Japan and the United States, saying that the U.S. Congress does not represent the entire United States in matters of trade.

Susumum Nikaido, LDP vice president, made the comment at a meeting organized by the Japan-U.S. Society for him to report on a visit to the United States in October aimed at helping to mend trade ties between the two countries.

The United States is a big country with an area about 25 to 26 times that of Japan, with varying views and attitudes toward trade, he said.

Nikaido, who spent about 10 years in the United States in his youth, is one of few Japanese politicians noted for a thorough understanding of the United States.

Nikaido said trade relations between the two countries are facing an "extremely serious situation," and that he does not expect trade friction to disappear despite a sharp appreciation of the Japanese yen against the dollar. More expensive yen is generally regarded as conducive to restraining Japanese exports by making Japanese goods more expensive in overseas markets.

In urging the Japanese to promote more regional ties with the United States, Nikaido cited an episode of the kind of misunderstanding which he said prevails even among U.S. congressional leaders. He said that when he met House of Representatives Speaker Thomas "Tip" O'Neill during his trip, the U.S. congressional leader complained about Japanese restrictions on the import of metal baseball bats and vitamin pills. The restrictions, Nikaido said he reminded O'Neill, were lifted three years ago.

During his two-hour speech, Nikaido also related the pledges he made to U.S. congressional leaders and administration officials on Japan's market-opening efforts. He said the Japanese Government is still considering a plan to buy U.S. surplus wheat for distribution to developing countries. Also, the government is determined to take legislative measures during the current Diet session so that Japan can implement tariff cuts and other market-opening measures as pledged in the action program announced July 30.

The tariff cuts, which will make Japan's import duties among the lowest in the world, will be implemented in January next year instead of April, Nikaido said. The speeded up implementation of the action program was another major trade concession Nikaido said he relayed to U.S. congressional leaders.

WHITE PAPER ISSUED ON PEOPLE'S LIVELIHOOD

OW010035 Tokyo KYODO in English 0922 GMT 1 Nov 85

[Text] Tokyo, Nov. 1 KYODO -- After a miraculous economic growth during the forty year postwar period, Japan now stands on the threshold of an "age of maturity," as more than 80 percent of the people believe themselves to belong to a middle class, according to an annual report released Friday by the Economic Planning Agency (EPA).

The 29th white paper on the people's livelihood devotes about one-half of its 448 pages to reviewing changes in that livelihood since the end in 1945 of World War II, which devastated the Japanese economy. The economy, the white paper says, has retained its high growth rate, except for a time in fiscal 1974 when minus growth was recorded stemming from the first oil crisis the preceeding year. The people's living standard has been pushed up to a higher stage where the people "enjoy the richest life they have ever experienced."

The paper boasts of the country's life expectancy of 74.54 years for men and 80.18 years for women in 1984, the highest in the world, the declining number of crimes, and an increase in national income per person to 7,908 dollars in 1983, ranked the second largest after 11,206 dollars for the United States.

"Health, security and education in the nation have reached the highest levels," it says.

The average Japanese wage earner's household economy, however, is getting tight, because of increases in repayments for housing loans, educational expenditures and savings for retirement in the recent decade, the white paper says. The ratio of housing loans to real income of all workers' families, it says, jumped to 4.6 percent last year from 1.9 percent 10 years ago and that of educational expenses to consumer spending by all families rose to 4.2 percent from 3.0 percent.

There were 18.2 cases of juvenile delinquency reported per 1,000 population in 1983, the highest rate during the postwar period, reflecting diminishing mutual assistance by family members, the report says.

The average annual number of working hours per person, which dropped to 2,064 hours in 1975 from a peak of 2,432 hours in 1960, again began to take the upward course, reaching 2,152 hours in 1983, still surpassing the 1,898 hours in the United States, 1,938 hours in Britain and 1,613 hours in West Germany.

The white paper says rapid improvements in livelihood, supported by fast economic growth, led to an increase of those who have confidence in feeling themselves part of the middle class. The percentage of the total populace putting themselves in that category rose to 81.8 percent in fiscal 1984 from 73.2 percent in fiscal 1972.

That widespread "middle-class" confidence, which is closely related to economic growth and a stable society, is the most important change brought during the 40-year period, it adds.

#### SOUTH KOREAN BOAT SEIZED FOR ILLEGAL FISHING

OWO60429 Tokyo KYODO in English 0417 GMT 6 Nov 85

[Text] Tokyo, Nov 6 KYODO -- The regional maritime safety office based in Maizuru, Kyoto Prefecture, seized a 37-ton South Korean fishing boat shortly after midnight Tuesday for illegal fishing within Japanese territorial waters, the office said. The Korean vessel was fishing about 16 kilometers north of Kammurijima Islet, Maizuru, it said. The vessel, the Namyang Ho, with a crew of 10 under skipper O Sun-o, was towed to Maizuru port for investigation and the captain was placed under arrest, the office said.

KULLOJA VIEWS PROPOSAL FOR PARLIAMENTARY TALKS

SK020152 Pyongyang KULLOJA in Korean No 9, Sep 85 pp 77-81

[Article by Pak Che-hae: "An Epochal National Salvation Proposal To Open a New Avenue for Peace in Korea and Its Peaceful Reunification"]

[Text] Holding North-South parliamentary talks at an early date is an urgent demand for opening a new avenue for peace in Korea and its peaceful reunification. The great leader Comrade Kim Il-song has taught: After entering this year, we put forth a new peace proposal for holding North-South parliamentary talks and adopting a joint declaration of nonaggression to ease tension in the Korean peninsula, preserve peace, and provide a precondition for the peaceful reunification of the fatherland.

The proposal for North-South parliamentary talks is a new peace proposal to guarantee peace in the country and create a favorable situation for peaceful reunification by solving the question of easing tension, to the greatest extent possible, within the nation, under the circumstances in which our proposal or tripartite talks has not yet been implemented.

As has been made public, in January of last year, our party and the government of the republic put forth an epochal national salvation proposal for holding tripartite talks between us, the United States, and South Korea. This proposal is an epochal national salvation proposal to provide a guarantee for peace in our country and create a favorable condition and situation for the peaceful reunification of the fatherland through the conclusion of a peace agreement between our republic and the United States, to replace the Armistice Agreement, and through the adoption of a declaration of nonaggression. If this proposal is implemented, peace will be guaranteed in the Korean peninsula and a bright vista will be opened for the future of our people's cause of reunification. Nevertheless, the U.S. imperialists and the South Korean puppets have not adequately responded to our just and rational proposal for tripartite talks to seek the peaceful resolution of the Korean question, even though more than 1 and 1/2 years have passed since the proposal was put forth. Instead, they have further intensified the criminal maneuvers aggravating the situation in our country and increasing the danger of war. As a result, the atmosphere of relaxation of tension and of dialogue that was once created in the Korean peninsula has been dispelled and the situation has again returned to an atmosphere of fierce confrontation and war. Under these circumstances, an urgent demand has been put forward to provide new political talks between the North and the South in order to ease tension in the country, preserve peace, and provide a precondition for peaceful reunification.

The proposal for North-South parliamentary talks has correctly reflected the urgent desire of our people for peace in Korea and its peaceful reunification.

This year marks the 40th anniversary of the fatherland's liberation, which is meaningful in the history of our fatherland. For our people, who have suffered the agony of division and lived under the danger of war for the past 40 years, achieving solid peace in Korea and reunifying the fatherland peacefully are the most urgent question. Moreover, the Korean people desire, more earnestly than any other people, to live in peace in a unified country, because they directly experienced the catastrophe of the war imposed by foreign forces in the 1950's. All of those born as Koreans, regardless of where they are, what they do, and whether they are communists or nationalists, must turn out in the pan-national work to realize such a hope and desire of our people.



Our proposal for North-South parliamentary talks is a patriotic one put forth to satisfy the urgent desire of the entire nation for peace and peaceful reunification at an early date, under the circumstances in which tripartite talks have not yet been realized.

The proposal for North-South parliamentary talks is a just national salvation plan designed to overcome the prevailing crisis through joint efforts by the North and the South and to provide preconditions for peace and the peaceful reunification of the nation.

The great leader Comrade Kim Il-song has taught: North-South parliamentary talks will be authoritative political talks making it possible to collect a broad range of opinions from people of all walks of life, various political parties, and public organization and to take effective measures for achieving national reunification and maintaining peace in the nation.

North-South parliamentary talks are the most appropriate method for correctly resolving the questions concerning peace and peaceful reunification of Korea by widely reflecting a broad range of opinions from people of all walks of life, various political parties, and public organizations in the North and the South. The most important problem that should be resolved in the dialogue between the North and the South is to relax the tension prevailing in the nation and to guarantee peace. This is an important issue related to the destiny of the nation and is not a partisan issue related to the interest of a certain group. This is a pan-national issue directly linked with the interest of the entire nation.

In actuality, people from all walks of life in the North and the South ardently wish to see the danger of war eliminated from Korea at an early date, tension relaxed, and national harmony and unity achieved. To resolve such a pan-national question, we should provide a forum of dialogue in which representatives from all circles of the North and the South sit together to discuss important issues of the nation and fully reflect the pan-national will and demands.

The SPA of the DPRK and the National Assembly of South Korea comprehensively embrace politicians from each political party. Thus, North-South parliamentary talks will be, to some extent, talks of a pan-national nature. Therefore, if North-South parliamentary talks are held, we will be able to relax the tension created in the nation and successfully resolve the question concerning peace on and the peaceful reunification of the Korean peninsula in accordance with the will and demand of our people. North-South parliamentary talks will be authoritative political talks making it possible to take effective measures for maintaining peace in the nation and for achieving peaceful reunification.

Our nation's situation is the most acute and tense in the world. Because of the arms buildup maneuvers of the bellicose elements of the United States and South Korea, the military confrontation which has long persisted, with the Military Demarcation Line [MDL] in between, has been further aggravated daily. More than 40,000 U.S. imperialist aggressor troops equipped with the most modern lethal weapons and a puppet army some 1 million strong have assumed a posture of combat readiness in South Korea, and more than 1,000 nuclear weapons of various types are deployed there. The bellicose elements of the United States and South Korea have deployed numerous troops in the advance areas close to the MDL, while undisguisedly raving about a preemptive nuclear attack against the North. They are constantly staging various provocative war exercises against our republic. In fact, because of the new war provocation maneuvers of the U.S. imperialists and the South Korean puppets, a dangerous situation in which a war may break out at any moment, triggered even by an accidental incident, constantly prevails in our country.

We can neither improve North-South relations nor ensure solid peace unless we relax the escalated military tension created in the nation.



To successfully resolve the question relating to easing tension between the North and the South and to providing a guarantee for peace, we should convene North-South parliamentary talks and adopt a joint declaration of non-aggression -- an effective measure. If we adopt a joint declaration on non-aggression at the North-South parliamentary talks, reflecting the will of the people from all walks of life, we can prevent armed collision and unfortunate situations that may take place between the North and the South from occurring, and guarantee peace. We can eliminate distrust and the situation of confrontation and create an atmosphere of national harmony and unity. This will serve as a great advance in the work for peace in and peaceful reunification of Korea.

The proposal for North-South parliamentary talks is also a just and fair proposal that has reflected the stand of the U.S. and South Korean sides. From the time last year that we put forward the proposal for tripartite talks, involving us, the United States, and South Korea, for a peaceful solution to the Korean question, to the present, the U.S. side has not responded to our proposal for tripartite talks, expressing its stand that talks between the concerned parties of the North and South should be held before talks between the countries involved. In connection with our proposal for tripartite talks, even the South Korean side insisted on holding talks between the concerned parties of the North and South first and then talks between countries concerned, while saying on many occasions that it will use North-South talks of any kind as a venue for peace and harmony and is willing to positively approach talks at any level between concerned parties of the North and South in order to improve North-South relations, as long as no preconditions are attached to the talks.

Our proposal for North-South parliamentary talks involves talks between the North and South having no preconditions attached. The proposal for North-South parliamentary talks has sufficiently reflected the demands of the parties concerned, not the demands of a specific party only. Given the realistic conditions created in our country, all facts show that the North-South parliamentary talks are the most reasonable for the relaxation of tension, for ensuring peace, and for providing preconditions for peaceful reunification. If and when the North-South parliamentary talks are conducted successfully, they will open an epochal phase in improving North-South relations and promoting national harmony, trust, and unity.

When North-South parliamentary talks are successfully held and a joint declaration of nonaggression is adopted through these talks, the North and South will be able to dissolve misunderstanding and distrust, and ease the condition of military standoff between them. This will also ensure peace in the country and open a bright path of national reunification for our people. At the same time, this will have a good impact on North-South economic talks and the Red Cross talks as well, and will eventually provide good conditions favorable to realization of high-level political talks.

Such being the case, all the Korean people and the world's progressive people unanimously hope that the North-South parliamentary talks, significant in opening a new phase for peace in Korea and its peaceful reunification, will be held at an early date and come to good fruition. What we want is to ensure peace in Korea and provide an environment favorable to the realization of our people's cause of reunification through the adoption of a joint declaration of nonaggression through North-South parliamentary talks.

Running counter to national aspirations and the trend of the times, the South Korean side has not accepted our realistic and reasonable proposal; instead, it has assumed an unjust position. The South Korean side's insincere attitude and unjust stand surfaced conspicuously during the first contact for North-South parliamentary talks. The South Korean side is opposed to the adoption of a joint declaration of nonaggression through the North-South parliamentary talks in the first place.

Saying that the essential function of the parliament, a legislative institution, is to legislate laws of various kinds, including the constitution, and to discuss and agree on affairs related to war and peace that the administrative branch has signed, the South Korean side insists that the issue of adopting a joint declaration of nonaggression, advanced by us, will have to be handled at talks between the persons in authority. This is an unreasonable and unjust assertion.

Generally, a parliament, made up of representatives from all walks of life, performs the function of legislating laws; of devising fundamental principles for domestic and foreign policy; and of recommending major issues for the country, making decisions on them, and coordinating and controlling implementation of such issues. It is customary, in any country, for the parliament, the legislative institution, to deal with important problems directly related to the interests of the nation and people. This shows that the parliament is the most authoritative institution.

Our proposal for adopting a joint declaration of nonaggression at North-South parliamentary talks is based on such a parliamentary position and role, and mission and function. A joint declaration of nonaggression is for the purpose of easing the acute military tension between the North and the South, promoting national harmony and trust, guaranteeing peace in our country, and providing a foundation for peaceful reunification. Unlike problems between countries, this is an important question to eliminate friction and confrontation between the two areas of the temporarily divided country and to prevent fratricidal war and an armed clash. Accordingly, this question must be discussed at North-South parliamentary talks.

It can be said that whether the question of a joint declaration of nonaggression will be discussed at parliamentary talks or will be handled at talks between the persons in authority is decided not merely by the general concept of nonaggression but by the method and angle with and from which the question is handled. The joint declaration of nonaggression which we seek to adopt at North-South parliamentary talks is entirely different from the declaration of nonaggression to be adopted at the talks between the persons in authority, in terms of content and nature. The joint declaration of nonaggression is a peace declaration that will call for the North and the South to jointly admit that a tense situation and the danger of war exist in the country, jointly confirm the need and importance of eliminating them, and promise that the North and the South will never fight again but advance toward peace and peaceful reunification by reflecting the desire of the whole nation, and a declaration that will call for the holding of talks between the persons in authority of the two sides and the adoption of a declaration of nonaggression. The declaration of nonaggression to be adopted at the talks between the persons in authority will serve as a document of agreement regarding the specific duties for practically eliminating military tension and avoiding war. When all facts are taken into consideration our call for the adoption of a North-South joint declaration of nonaggression at North-South parliamentary talks is entirely just and, thus, the assertion that the question of nonaggression must be handled by the authorities, and not at parliamentary talks, is unjust.

The South Korean side, while turning its face away from the important question of easing tension and guaranteeing peace for the destiny of the nation, is also talking about the forming of a consultative body to establish a so-called "unified constitution," thus creating an artificial obstacle for North-South parliamentary talks. The South Korean side's intention in discussing the question of a "unified constitution" is to use this as a delaying tactic to avoid the urgent question of easing tension.

The reunification of our country has not been achieved yet, even though 40 years have elapsed since liberation from the Japanese imperialists' rule. Therefore, in order to guarantee peace in our country and achieve peaceful reunification, the establishment of a "unified constitution" is necessary.



However, the distrust and misunderstanding between the North and the South must be eliminated, and the tense situation of the country must be eased first. If the hidden dagger is not discarded, harmony and unity cannot be achieved, and reunification cannot be sought. The course of past North-South dialogue shows this clearly. Under the circumstances in which tension and confrontation are continuing, peace cannot be guaranteed, and no question can be smoothly solved with regard to peaceful reunification. Nevertheless, the South Korean side is continuing to insist on discussion of the question of a "unified constitution," while turning its face away from this top-priority urgent question. This shows that the South Korean side is not interested in promoting national harmony and trust and easing tension, and has no desire to achieve peaceful reunification.

All facts show that the South Korean side, as it has done in the past, is still seeking confrontation and division, though it is talking about the easing of tension and the achievement of reunification. Now is the time to act with regard to peace and peaceful reunification, not the time to talk about them. If the South Korean side truly thinks of the country and nation, and desires reunification, it must not come forth with an unreasonable and unrealistic call, and must not create an obstacle to the holding of North-South parliamentary talks to seek national harmony, trust, and peace. Successful progress in North-South parliamentary talks depends entirely on whether or not the South Korean side adopts a sincere attitude. Above all, the South Korean side must rectify its stand and attitude to participate in North-South parliamentary talks.

North-South dialogue must become dialogue to seek reunification, and must serve reunification; thus, dialogue that seeks and serves division is not necessary. If a party to dialogue, while participating in the dialogue, continues to maintain the stand for division, rather than for reunification, and persists in the policy of two Koreas, it is impossible, under such circumstances, to seek a practical reunification proposal.

At present, the South Korean side, in holding North-South parliamentary talks, is not seeking to reunify the country and to have a single Korea, but is seeking to follow the U.S. imperialists' policy of two Koreas. Even at a time when the preliminary contacts are being held for North-South parliamentary talks, the South Korean side, by depending on the foreign forces, is still running about with the question of "cross-recognition" and "cross-contact" and babbling about the "simultaneous entry into the United Nations" by "two Koreas." This precisely shows that the South Korean side is not interested in North-South parliamentary talks but is only following the U.S. imperialists' policy of "two Koreas."

If the South Korean side is truly interested in dialogue and reunification, above all, it must give up the policy of "two Koreas" and adopt a stand for reunification. To successfully realize North-South parliamentary talks, a favorable situation must be created for dialogue. As long as the danger of war is present and North-South confrontation is instigated, dialogue cannot be held in peace, and good results cannot be expected even if dialogue is held. Dialogue is never compatible with the policy of war and confrontation. At the same time, sincere dialogue cannot be held if the hidden dagger is not discarded. The South Korean side must do away with such provocative military exercise commotions as "Team Spirit," which caused the North-South economic and Red Cross talks, arranged with so much effort, to be discontinued for several months last year, and immediately stop the military provocation maneuvers carried out on the ground, on the seas, and in the skies against the opposite party to dialogue.

The South Korean side must stop the desperate anticommunist confrontation rackets being staged of late, and the criminal maneuvers to promote the sentiment of animosity in the nation.

The South Korean side must participate in North-South parliamentary talks with a sincere stand, instead of avoiding discussion of the essential questions, using various reasons, and causing talks to become protracted, while continuing empty talk. We will make all efforts to help North-South parliamentary talks bear fruit. The North and the South, by pooling their strength, must make North-South parliamentary talks progress successfully, and must guarantee peace in Korea and accelerate the independent and peaceful reunification of the fatherland.

#### NODONG SINMUN ON ADHERING TO WORKING CLASS STAND

SK041045 Pyongyang Domestic Service in Korean 2130 GMT 2 Nov 85

[NODONG SINMUN 3 November special article: "Thoroughly Adhering to Working Class Stand Is a Noble Duty of Our People Who Are Carrying Out the Revolution"]

[Text] The struggle in our country to build socialism and communism is a struggle to realize the aspirations of the working people, including the working class, and to defend and safeguard their interests. This struggle is to be realized in the course of struggle to thoroughly adhere to the class stand in revolution and construction under the leadership of the working class.

Such being the case, our working class cannot abandon its class stand until such time as it has achieved the final victory of its revolutionary cause, nor can it afford to weaken its leadership role. This is a fundamental demand for the consummation of the historical mission of the working class. The respected and beloved leader Comrade Kim Il-song has taught: Historical experience shows that if a Marxist-Leninist party does not continuously increase the people's class awareness and if it does not strengthen the ideological revolution among them, it will be unable to further consolidate and develop the socialist system. The result will be the increasing influence of bourgeois ideology and the paralysis of the workers' revolutionary consciousness and will endanger the already regained revolutionary gains.

The stand of the working class is a most revolutionary stand and attitude by which the working class views and makes judgment of all the problems arising in revolution and construction from the point of view of the working class and resolves them in the interests of the working class and of the revolution. It is the innate nature of the Korean communists and our working class to struggle by standing firmly on the class stand at all times and never to weaken its determination and will to carry out the revolution to the end.

The revolutionary struggle of the working class is a struggle designed to realize national liberation, independence, and freedom and liberation of the working masses against exploitation and subjugation of all forms. This struggle is certain to accompany a fierce struggle against the imperialists and class enemies of all shades bent on trampling underfoot and obliterating the independence of nations and the popular masses. Crushing the maneuvers of the imperialists and class enemies by thoroughly defending the stand of the working class, therefore, is a matter of life and death related to the fate of the revolution and the future of the people.

Essentially, the stand of the working class is an important, inseparable trait of communist revolutionaries. The communist revolutionaries are the self-awakened fighters who embarked on the road of struggle in order to smash imperialism and the exploiting class and to bring the working masses to freedom and liberation.



Because of their unwavering conviction in the communist cause and because of their persistent spirit of battle, irreconcilable with imperialism, the revolutionaries are much loved and respected as the forerunners of their times and fighters of the working masses. Dedicating oneself to revolutionary struggle is never a simple matter. On this road there can be burning rivers and treacherously muddy roads that test the will of the revolutionaries. It is unimaginable for the revolutionaries advancing toward a communist future to lose courage and conviction when encountering difficulties or buckling under to them.

A firm class stand is the source of strength that enables people to struggle, sacrificing everything to consummate the revolutionary cause to the end. It is also a guarantee that enables the revolutionaries to display their fervency and devotion as revolutionaries. There can be twists and turns of various kinds on the road on which the revolution advances. However, the downfall of imperialism and the victory of the revolutionary cause of the working class is a law of historical development that nothing can stop. When the revolutionaries' working class stand is firm and unwavering, they can tenaciously struggle with the constant conviction that they will triumph without a moment's wavering, no matter how far the revolutionary road may stretch and no matter how treacherous it may be.

People lacking a firm class stand do not have conviction. Experience shows that one who has no clear-cut stand wavers in accordance with the trend and tenor of the times, eventually becoming a snob who sails at the whim of the wind. Because of their clear-cut class stand, the communist revolutionaries devote their whole life to revolutionary struggle, defending their principles and integrity under any circumstances. Firmly defending the stand of the working class is above all a fundamental issue arising in having our party members and working people thoroughly defend and safeguard the basic interests of the revolution.

The interests of the working class is at once the interests of the revolution and the stand of the working class is a standard for determining everything -- whether it is favorable to the revolution or whether it is favorable to the counterrevolutionary side.

The basic interests of the revolution is the lifeline of the revolutionary cause. When the revolution departs from its basic interests, the revolution will abandon its leading ideology and revolutionary traditions and will go through twists and turns. Consequently, this will bring about a result favorable to the counterrevolution and render the acceleration of a triumphant advancement of the socialist and communist cause impossible.

This being the case, party members and working people should defend the basic interests of the revolution under any circumstances, while adhering to their stand of the working class. Essentially, the working class's interests and those of the exploiting class are never compatible.

The imperialists and the exploiting class can never do something nice for the working class, and the working class can liberate itself and enjoy independent and creative life only through a struggle against exploitation, oppression, subjugation, and submission.

Only in the course of endlessly hating the imperialists and the exploiting class and of staging intransigent struggle against them can the revolutionary causes be defended and made to advance and can the popular masses' aspirations and hopes be realized. This is a law of the revolution. Party members and working people should deeply grasp the inevitability of class struggle and the principles of the revolution and think and act based on the high viewpoint of class.

Also, firmly defending the class stand and revolutionary principle is an indispensable demand for firmly defending and safeguarding our revolutionary gains won in the course of arduous and bloody struggle and for making them shine more.

Our working class and people have in the past made a great contribution to historical development and attained noble gains in the course of advancing the socialist and communist cause. These great gains are the credible capital necessary for the final victory of the chuche cause and for the prosperity of the generations to come. Our working class and all the working people should, as a matter of course, be proud of the entire creations built through arduous struggle and creative labor and value them. This is an important element needed to make the revolution advance without interruption. Not relying on one's own strength and wisdom and not valuing the gains achieved by oneself has nothing to do with the revolutionary stand of the communists.

Our party members and working people, who are carrying out the revolution based on their own conviction, should further accelerate socialist and communist construction more vigorously based on strength of the gains that they have achieved, with a high degree of dignity and pride. Everything achieved by the exploiting class in the capitalist countries is something that has been achieved, without exception, by the sweat and blood of the working people. It is either a tool of the privileged class made up of a very few people or a means designed to oppress and exploit the people. Everything achieved by the popular masses in our socialist society, however, is something that exists for the interests of the popular masses themselves and is to serve them from start to finish.

Our socialist system also exists for the working masses, and the plants and facilities built for culture and welfare existing in this land are also for the promotion of the welfare of the working masses. Because of the class characteristics and essential differences as such, all the creations built in our society are incomparably far superior to what the bourgeoisie has achieved in the capitalist countries.

Therefore, the U.S. imperialists and the puppet clique in South Korea are maliciously maneuvering to slander the creations built by our working class and people, while slandering and smearing them at all times. Party members and working people should always fervently defend the socialist gains that they have achieved through their own struggle against an invasion of the enemies of the revolution with a high point of view of the class and should be ready to deal a strong blow in the nick of time at maneuvers aimed at undermining or obliterating these gains.

Also, thoroughly adhering to the stand of the working class is a firm guarantee that enables the party members and working people to correctly see through the aggressive nature of imperialism and the reactionary character of capitalism and wage insistent struggle against them. The imperialists and the class enemies are endlessly wily and malicious. The enemies of the revolution maneuver more cunningly and wickedly as our revolutionary cause advances victoriously. Just as wolves cannot become sheep, the aggressive nature of the imperialists and the exploitive nature of the exploiting class will never change.

Fantasy in itself is unscientific. Fantasy about imperialism, however, is a poison that preys upon the people's revolutionary consciousness and disarms the people ideologically. The revolutionaries look into everything in light of class stand and express their views and stand in a correct manner. The sophistry of the errand boys serving the bourgeoisie who beautify capitalist society and portray white as black can never be accepted by the revolutionaries.

Remarks of any kind about democracy and freedom by the bourgeoisie appear to the revolutionaries as nothing but a farce. If there is democracy and freedom in a bourgeois society, they exist only for a privileged sector of a few people. Our party members and working people who are living in a most superior socialist society should clearly grasp the reactionary and corrupt nature of capitalist society. Only when they have a firm class stand can the party members and working people endlessly express contempt and hate the exploiting class and exploiting system with a high degree of class pride and a sense of superiority, and can they successfully build socialism while crushing the enemy's cunning and wicked maneuvers of all kinds. The situation prevailing in our country today is very complicated and pressing. In the wake of North-South dialogue, the U.S. imperialists and the puppet South Korean clique are more enthusiastic about anticommunist and antirepublic propaganda than at any other time in the past and are engaged in smearing our social system by employing all means and ways.

The prevailing situation and our developing revolution demand that all party members and working people correctly view everything to see whether it is favorable to our revolution or whether it is favorable to capitalism and adhere more thoroughly to the class stand and revolutionary principles with a high degree of class consciousness and keen political sense at all times.

In the past, our working class and people have vigorously advanced the revolution and construction on a straight road leading to victory while defending their class stand and revolutionary principles under all circumstances. Historical experience shows that the victorious advance of the revolution lies in thoroughly adhering to class principles, along with the true way of achieving national prosperity. It is the revolutionary will of party to strongly defend and safeguard our revolutionary cause by thoroughly adhering to the stand of the working class. Because of the great leadership of our party, our people are always promised victory and glory in their future.

#### U.S., SOUTH ACCUSED OF STORING CHEMICAL WEAPONS

SK051138 Pyongyang Domestic Service in Korean 0948 GMT 31 Oct 85

[NODONG SINMUN 31 October commentary: "Criminal Maneuvers To Exterminate the People"]

[Text] The U.S. imperialists and puppet South Korean clique are preparing in earnest for a chemical war in Korea. Recently, the U.S. Congress adopted a resolution approving mass production of dual chemical weapons. It is a well known fact that the U.S. imperialists have been accelerating the development and production of a wide assortment of chemical weapons for years under the so-called 5-year plan for rearmament.

Secret U.S. armories are said to have stockpiled a vast quantity of chemical weapons, including some 150,000 tons of poisonous material for practical use in war and some 3 million chemical bombs of various kinds. A foreign news report has exposed that although the United States is producing nuclear and chemical weapons, it plans to use them in other countries and in other areas. Recently, a boss of the U.S. imperialists, hinting at the possible use of chemical weapons, babbled that the United States should deploy chemical weapons in the Asian and Pacific regions, in particular, the Far East region, which includes Japan, at an early date. This shows that the U.S. imperialists are now trying to find the ignition point of nuclear war and chemical war in Asia, in particular, in Korea. In fact, the U.S. imperialists are hatching a plot with the puppets to provoke a chemical war in Korea.

The 17th annual security consultative meeting and the 7th military committee meeting held last May with the U.S. secretary of defense and the puppet South Korean defense minister in attendance were nothing but war plots to further accelerate the preparations for nuclear and chemical war.



At these meetings, it was agreed that modern chemical weapons, along with U.S. nuclear weapons, would be deployed in South Korea, and that the puppet army would be given help to maintain capabilities to wage a chemical warfare on its own. In the wake of this agreement, the U.S. imperialists are bringing chemical weapons into South Korea in large numbers. In recent months alone, the U.S. imperialists have brought into South Korea a large number of 155-mm and 203-mm guns capable of firing not only ordinary shells but also nuclear and chemical shells, and transferred to the puppets a great number of gas masks.

Also, the U.S. imperialists, with the puppet clique, are committing the barbarous act of testing the effects of germ warfare weapons and chemical weapons brought into South Korea on the human constitution by using South Korean residents. One example of this can be found in the fact that the U.S. imperialists brought into South Korea RH-787, one of the chemical weapons for mass destruction produced by a U.S. monopoly chemical manufacturer, under the trademark of a new type of rat poison, and then tested it on human beings.

It is no longer a secret that the U.S. imperialists and the Chon Tu-hwan ring have built some 10 poisonous gas plants in South Korea and are producing a large quantity of a poisonous gas, the kind that caused a great death toll in Bhopal, India, when a gas leak occurred. Not content with such weapons, the U.S. imperialists and the puppet Chon Tu-hwan ring are planning to produce more chemical weapons by establishing joint venture projects with U.S. companies specializing in production of chemical weapons, running riotously to realize such plans.

The U.S. imperialists and puppet South Korean clique are systematically staging exercised for chemical warfare to put their criminal plan into practice. The "Team Spirit" joint military exercises conducted annually by the U.S. imperialists and puppet South Korean clique are very dangerous nuclear war exercises as well as chemical war exercises. In the "Team Spirit-85" joint military exercise, they mobilized chemical weapons of various kinds and staged many battle exercises in which such chemical weapons were used. Even after that, they have kept staging biochemical war exercises for demonstration with each service of the puppet armed forces under the pretext of preparing for chemical war staged by someone.

In mid-October of this year, they went so far as to mobilize the civil defense corps in the game of exercises for chemical warfare in every corner of South Korea. The puppets are also systematically teaching about chemical warfare at the puppet army combatant schools. All of these are criminal acts outrageously violating the Geneva Convention and other international commitments banning the production, storage, and use of chemical weapons.

Such acts by the U.S. imperialists and the South Korean puppets are maneuvers designed to extinguish the Korean people and, going one step further, to annihilate mankind by turning a Korean war into a thermonuclear war, a chemical war. We clearly remember that the U.S. imperialists murdered a great number of our people in the past, during the Korean war, by using chemical weapons, including the germ warfare weapons, and they caused many deaths in a war against the peoples of Southeast Asian countries by dropping poisonous chemical agents.

While accelerating the preparations for nuclear war and chemical war, the U.S. imperialists and the puppet South Korean clique are paying lip-service to peace and the relaxation of tension on the Korean peninsula. This is a preposterous sophistry. The U.S. imperialists' and the puppet clique's burbling about peace is nothing but a ploy aimed at cloaking their maneuvers for thermonuclear war, for chemical war.

Our people and the world's peace-loving people are watching, with great vigilance, the wicked plot of the U.S. imperialists and the fascist Chon Tu-hwan military clique to provoke nuclear war and chemical war.



The U.S. imperialists should leave South Korea without delay, taking along the wicked weapons of murder, including nuclear and chemical weapons. If the Chon Tu-hwan ring tries to make its fellow countrymen victims of a nuclear holocaust, and even of a poisonous gas catastrophe, by pulling the war cart of its masters, our people will not tolerate the ring.

NODONG SINMUN ON SOUTH'S CRACKDOWN ON 'SPY RINGS'

SK060112 Pyongyang Domestic Service in Korean 0932 GMT 4 Nov 85

[NODONG SINMUN 4 November Commentary: "A Deliberate Drama of Intrigue"]

[Text] The South Korean puppets have concocted another spy ring incident. On 1 November, the puppet army Security Command announced the arrests of 16 members of five spy rings, including Na Chong-in who had allegedly been active in South Korea. According to this announcement, they conducted not only such spy activities as building underground nets of so-called vulnerable segments of the people, agitating them to carry out a violent struggle, and spreading groundless rumors among the people in a bid to hinder and disturb various international functions in South Korea, including the 1988 Olympic Games, but also to collect military intelligence for use in an emergency. It is the hackneyed tactic of the Chon Tu-hwan clique to conduct an evil deed and then to throw the responsibility on to others. The spy ring cases announced in South Korea are a product of intrigues concocted in a secret room of the puppet Security Planning Agency or the puppet Security Command and are nothing but a camouflage for deceiving the masses, made public by the puppets at opportune times when thought necessary.

The announcement of the so-called spy ring cases by the puppets this time, as many as five cases is one of these false and tricky dramas and has nothing to do with us. This time, the puppets televised the locations of the activities of the so-called spies in a bid to make the false cases real. But, the pictures were ones taken in the sweltering heat of summer, and the faces of the so-called spies were never clearly projected on the screen. In particular, as for the men that the puppets advertised as spies engaged in secret maneuvers, they belonged to cases already disposed of in 1977 and 1981.

To again bring up cases clinched before the inducement of Olympic Games to Seoul and to link them with the Olympiad in itself exposes the real nature of the false drama and proves that the so-called spy ring cases advertised this time were a preplanned drama. We well know why the Chon Tu-hwan ring is kicking up rackets by again bringing up old false cases which were already clinched a long time ago. The struggle of the South Korean people of all strata, including youths, students, and workers, against the colonial fascist rule of the U.S. imperialists and the Chon Tu-hwan ring has been intensified with each passing day. Their struggle has consistently continued even after the recent fabrication of the so-called case of the Committee for Struggle for Democracy by the Chon Tu-hwan ring. To make things worse, the Chon Tu-hwan ring has faced more serious social and economic crises and unrest. It has been unprecedentedly rejected and isolated in the UN arena. Thus, the puppets have been driven into a corner. Such being the case, by concocting the wholesale fabrication of spy ring cases, the Chon Tu-hwan ring attempts to suppress and obliterate the struggle of the South Korean youths, students, and people under this pretext. At the same time, with the bleak prospect of the 1988 Olympic Games the Chon Tu-hwan ring intends to shift the blame onto us, should something occur within.

Dr (Alfred Rain), a democratic figure of West Germany, said that the spy ring cases that the South Korean puppets have clamored about are reminiscent of the arson case at the German National Assembly building and the attack case of the (Kedulis) broadcasting station by the Hitler clique in the past, which were later used by Hitler as a pretext for suppression and war provocations.

What the Chon Tu-hwan ring, which has perpetrated repression and trickery even today using methods employed by the fascist Hitler clique when 40 years have passed since the Hitler clique was ruined, can gain from this is only its disgraceful ruin.

#### ECONOMIC DEVELOPMENT IN KANGWON PROVINCE VIEWED

SK030415 Pyongyang KCNA in English 1503 GMT 2 Nov 85

[Text] Pyongyang, November 2 (KCNA) -- The economy is making rapid progress in Kangwon Province facing the East Sea of Korea. The province's gross industrial output value has now grown more than 150 times as against 1949 and its grain production 4 times compared with the pre-liberation days. Kangwon Province had been one of the most backward mountainous areas of the country, before its liberation. The province was most severely damaged during the 1950-1953 war provoked by the U.S. imperialists. Today the province has a powerful industry and developed rural economy and turned into a place good to live in. The great leader President Kim Il-song gave on-the-spot guidance to the province in January 1947. Since then he has visited the province on more than 20 occasions, clearly indicating the road to be followed by the province.

President Kim Il-song has led the province to build a modern industry and develop agriculture and fisheries by effective use of its rich natural resources. The province which had only a few small factories before the country's liberation has today a large-scale rolling stock factory, solid bases of non-ferrous metallurgy, shipbuilding and building-materials industries and fishery bases and many modern factories.

The metal industry comes first in the province's industry. Production is on the steady rise at non-ferrous metal works which is of national importance. The province also produces transport, shipping and general machines and farm machines, etc. Typical products are 60-ton waggons, tankers, 3,750 ton stern trawlers, conveyor compressors, etc. Cement, brick, general, wood and chemical building-materials are also produced in large quantities. The production of grain, meat, fruit and other agricultural production are also increasing. Persimmon is a special product of Kangwon Province. Nearly 5,000 hectares of land are under persimmon trees in the province.

Fisheries hold an important place in the economic development of the province. The province has more than 600 kinds of aquatic resources including mackerel, herring, myongtae (pollack), squid, sea-cucumber and sea tangle. There are fishery stations and shallow sea cultivation offices in Wonsan, Tupo, Changchon and other places. At present a fishery station catches only in 2-3 days as much fish as caught in one whole year in the province before the country's liberation.

#### BRIEFS

COUNTY CONSUMER GOODS PRODUCTION -- Local industrial plants in Kimchon County of North Hwanghae Province are increasing the production of consumer goods. Following the overfulfillment of their monthly production goal in October, the workers of the chemical plant, the daily necessities plant, and the pharmaceutical plant are continuously scoring new upsurges in production by actively finding mobilizing local resources and material and by improving the working ratio of equipment. Among them, the workers and technicians of the chemical plant are producing various sorts of quality people's consumer goods and attaining their daily production goal by mobilizing all reserves and possibilities. Meanwhile, the workers of the pharmaceutical plant, who overfulfilled the monthly production goal in October, contribute to the improvement of the workers health by producing various sorts of effective herbal medicines, while upholding the party's policy of preventive medicine. [Text] [Pyongyang Domestic Service in Korean 2300 GMT 2 Nov 85 SK]

POLICE ARREST 14 INTRUDERS OF U.S. OFFICE

Seoul YONHAP in English 0230 GMT 6 Nov 85

[Text] Seoul, Nov. 6 (OANA-YONHAP) — Police Tuesday put 14 student activists under arrest for intruding into the office of the American Chamber of Commerce (Amcham), where they staged a brief sit-in in protest against U.S. pressure on Korea to open its markets to American products. The students, from seven universities in Seoul were charged with performing acts of violence and with threatening to commit arson during their intrusion Monday into the U.S. facility, in a downtown hotel here. Police are seeking three others in connection with the incident, on the same charges.

The students arrested include Ku Pon-ung, 22, a senior majoring in electrical engineering and chairman of SNU's [Seoul National University] "Committee for Struggle for National Independence," and Yi Ho-son, 21, a senior majoring in public administration at Yonsei University. A spokesman for the police said police will probe three or four students, as part of an intensive investigation to determine who masterminded the incident. Police presume that it was the work of an organization under the control of the "Sammintu" struggle committee. According to police, "Sammintu" is an illegal underground pro-communist organization, established by Seoul National University (SNU) students, in an effort to bring about revolution through leftist ideology. The spokesman characterized the incident as an anti-social crime, detrimental to national security. He said it was designed to trigger off revolutionary agitation under the guise of struggle for democratization.

CRACKDOWN ON SEIZURE OF FOREIGN AGENCIES PLANNED

SK060103 Seoul THE KOREA HERALD in English 6 Nov 85 p 8

[Text] The government warned yesterday that it will crack down on the acts of occupying foreign organizations and agencies in the nation. The strong warning was issued one day after a group of student activists temporarily seized the American Chamber of Commerce office in the Westin Choson Hotel in downtown Seoul Monday.

In a report to the National Assembly, the Ministry of Home Affairs said that it will give top priority to eradicating such "antisocial" crimes. The report said that strong legal action will be taken against those who perpetrate crimes slackening national discipline, whatever their positions. Those who attempt violent demonstrations in campuses and workshops and storm into public organizations and foreign agencies will be subject to harsh punishment, it said. The government will strictly enforce the law in handling the act of throwing stones at police officers and public properties, the ministry said. It added that the government will root out unlawful group disturbances under all circumstances. The government will trace the origin of groundless rumors thoroughly and punish those responsible, it said.

POLICE REINFORCE SECURITY NEAR U.S. BANKS, FIRMS

SK060101 Seoul THE KOREA HERALD in English 6 Nov 85 p 8

[Text] Alarmed by the brief seizure of the Amcham [American Chamber of Commerce] office in Seoul by students Monday, police have increased security patrol around U.S. banks and business concerns.

A police officer said yesterday that the security reinforcement is necessary to help foreign firms engage in their businesses without any worry about possible intrusions. "I understand those companies, too, have their own plans to increase vigilance," he said.



NONPOLITICAL CONTACTS WITH PRC, USSR TO EXPAND

SK060126 Seoul THE KOREA TIMES in English 6 Nov 85 p 1

[Text] The government will continue to expand non-political contacts with mainland China and the Soviet Union, from a long-term perspective, Foreign Minister Yi Won-kyong said yesterday. Reporting to the National Assembly on the major guiding principles of Korea's foreign policy, Yi said that the contacts which had been made between Korea and China for the settlement of accidents and incidents in recent years would serve as a stepping-stone for the building of mutual trust and cooperation.

"The government will continue to increase contacts with China in nonpolitical fields in the coming days, encouraging that country to carry out a more active and constructive role for the easing of tension on the Korean peninsula," he said. The minister went on that the government would make efforts to steadily expand contacts with the Soviet Union, starting in such non-political fields as sports and international conferences. He admitted, however, that the two Communist countries, as well as the East European countries, were maintaining their basic policies of supporting North Korea in issues relating to the Korean peninsula.

UNIFICATION BOARD ON N-S MILITARY SPENDING

SK050935 Seoul YONHAP in English 0926 GMT 5 Nov 85

[Text] Seoul, Nov. 5 (OANA-YONHAP) -- Despite a big gap in economic power between Seoul and Pyongyang, South Korea spent only 1.2 times as much for military outlays as North Korea in 1984, a report compiled by the South Korean National Unification Board showed Tuesday. The report, submitted Tuesday to the South Korean National Assembly's Foreign Affairs Committee, said that South Korea's gross national product (GNP), as of the end of 1984, totaled 81.1 billion dollars, 5.5 times as much as North Korea's 14.7 billion dollars. In 1984, South Korea put a total of 4.1 billion dollars in defense spending, accounting for five percent of its GNP while North Korea spent 3.42 billion dollars for military outlays, accounting for 23.3 percent of North Korea's 1984 GNP, according to the tally. The report estimated South Korea's per capita GNP at 1,999 dollars against North Korea's 762 dollars. South Korea registered its total trade amount worth 59.87 billion dollars in 1984, 21.9 times as much as North Korea's 2.73 billion dollars, the report showed.

STUDENTS OF 13 UNIVERSITIES STAGE RALLIES

SK060119 Seoul THE KOREA TIMES in English 6 Nov 85 p 8

[Text] Some 2,200 students of 13 different universities and colleges across the country staged on-campus demonstrations in Seoul yesterday. The student disturbances took place at seven institutions, including Seoul City University, where some 1,000 students protested the school failure to gain full university status. Most of the other demonstrations were related with anti-government protests. At Kugmin University in northern Seoul, students hurled some 60 fire bottles when they attempted to take to the street against tear-gas firing riot police. A platoon of police forces advanced into the campus some 300 meters to quell the agitation. About 400 students from Seoul National, Korea, Wonseil and Sogang Universities staged an on-street demonstration for 20 minutes from 5:20 p.m. in Changshin-dong, chanting anti-government slogans. They hurled Molotov cocktails and paraded up to the Tongdaemun skate rink. Police led away 45 students.

Meanwhile, thirty students of Hanguk University for Foreign Studies were sent to summary court yesterday for having demonstrated on and off campus. Most of the students were involved in staging a protest near the Kuro Industrial Complex at about 5:30 on Nov. 1, making demands for the rights of workers. In the street protest, about 100 students took part.



FIRST MEETING OF 4TH PEOPLE'S ASSEMBLY OPENS

## Agenda Detailed

BK040612 Rangoon Domestic Service in Burmese 1330 GMT 4 Nov 85

[Text] The first meeting of the Fourth People's Assembly of the Socialist Republic of the Union of Burma opened at 1000 today in the conference hall of the People's Assembly Building in Rangoon. Present were 489 People's Assembly representatives, heads of the diplomatic corps in Burma, and observers.

U Aung Khin Tint, director general of the People's Assembly Office, officiated as secretary of the meeting. As the meeting began, U Aung Myint of Rangoon Division's Lanmadaw constituency proposed that U Thant Sin of Pegu division's Thegon-II constituency be appointed as interim presiding chairman. As the proposal was seconded by U Hla Tun, representative of Kyaukse-II constituency, and since the assembly approved the proposal, the secretary announced that U Thant Sin had been appointed as interim chairman. U Thant Sin, after taking oath of office, took his reserved seat.

All the new People's Assembly representatives then took their oath in the presence of the interim chairman. U Thant Sin then signed the book of records. The interim chairman later announced that all of the eligible 489 assembly representatives were present at today's session and that the meeting was therefore in order. He declared the meeting open. The agenda of the meeting was then approved by the assembly representatives. The meeting was then recessed for the election of members of the Panel of Chairmen from states and divisions.

When the meeting resumed, the interim chairman asked for the assembly's approval of the 14 members of the panel of chairmen. After the assembly unanimously approved the panel, the members of the panel of chairmen took the seats reserved for them. U Kyaw Maung, representative from Rakhine State's Maungdaw-I constituency, then took over the chairmanship from the interim chairman. The meeting was then briefly recessed for the election of 14 members of the State Council, one from each state and division, in accordance with Article 64A of the Constitution.

When the meeting resumed, the State Council members elected by secret ballot were announced by the presiding chairman. The presiding chairman later called for the nomination of 14 more State Council members from among the People's Assembly representatives in accordance with Article 14B of the Constitution. The assembly representatives then -- using the electronic voting system -- voted on each of the nominated State Council candidates. The presiding chairman then announced the names of 14 State Council members who had been elected to the council by a majority vote. The state council members then took their reserved seats. The assembly meeting was then recessed to enable the State Council members to elect a chairman, a vice chairman, and a secretary as well as for the State Council to prepare a list of members for the central organs of power.

When the meeting resumed, the new State Council members elected U San Yu chairman, U Aye Ko vice chairman, and S Sein Lwin secretary. This was reported to the assembly by the presiding chairman. The assembly unanimously endorsed the elections. The presiding chairman then announced that, in accordance with Article 66A of the Constitution, U San Yu was also president. U Aye Ko, assuming the vice presidency in accordance with Article 66B of the Constitution, was also announced by the presiding chairman. The formation of the State Council with U San Yu as chairman, U Aye Ko as vice chairman, and U Sein Lwin as secretary was then announced by the presiding chairman.

The presiding chairman then reported the namelist of 19 members of the Council of Ministers prepared by the State Council. The assembly representatives voted by secret ballot on each of the candidates for the Council of Ministers.

The chairman later announced the names of 19 members of the council of ministers who gained more than half of the votes cast.

Next, the chairman reported the namelist of nine members of the Council of People's Justices prepared by the State Council. After the assembly voted on each of the nine nominees, the chairman announced the names of nine members of the Council of People's Justices.

As the meeting progressed, the assembly voted on and endorsed the namelists of six members of the Council of People's Attorneys and six members of the Council of People's Inspectors. Later, those elected to the Council of Ministers and to the other councils took their reserved seats.

The meeting was then briefly recessed to enable the members of the Council of Ministers to elect the prime minister and the deputy prime ministers as well as to enable the other members of the central organs of power to elect their chairmen.

When the meeting resumed, the presiding chairman announced the formation of the Council of Ministers under Prime Minister U Maung Maung Kha and Deputy Prime Ministers Thura U Tun Tin and General Thura Kyaw Htin, the formation of the Council of People's Justices under the chairmanship of U Tin Aung Hein, the Council of People's Attorneys under U Myint Maung, and the Council of People's Inspectors under U Ohn Tin.

Next, the presiding chairman reported to the assembly that the regular reports of the State Council, the Council of Ministers, the Council of People's Justices, the Council of People's Attorneys, and the Council of People's Inspectors had earlier been distributed to the assembly representatives and that since the current assembly meeting marked the end of the tenure of one People's Assembly and the beginning of the tenure for the new People's Assembly, the reports concerned would not be discussed at the current session. He asked the assembly to vote on the reports and put them on record.

After the assembly endorsed the reports, the chairman announced that those reports had been put on record.

The presiding chairman later announced that the State Council had reviewed the activities of the People's Assembly, the State Council, and the central and regional organs of power, while the organs of power had also reviewed their respective activities during the tenure of the Third People's Assembly. These reports, together with the work accomplished by the Third People's Assembly, had earlier been distributed to the People's Assembly representatives. The 1st day session concluded at 1555.

#### State Council Elected

BK041403 Rangoon Domestic Service in Burmese 1347 GMT 4 Nov 85

[Text] The State Council of the Socialist Republic of the Union of Burma has been formed with the following members:

Chairman U San Yu, Bahan-I Constituency [president];  
Vice Chairman U Aye Ko, Taikkyi-I [vice president];  
Secretary U Sein Lwin, Moulmein-I.

## Members:

U Khin Aye, Sagaing-I;  
U Chit Hlaing, Ma-ubin-I;  
U Jap Tu, Myitkyina-I;  
U Soe, Kawhmu;  
U Sai Aung Tun, Hsipaw-II;  
U San Maung, Pabedan;  
U Zaw Win, Kayan-II;  
U Ti Aung, Lewe-II;  
U Tun Tin, Thaketa-I;  
U Tun Yi, Kyauktaga-I;  
U Tun Yin Law, Pinlaung-II;  
U Van Kulh, Haka;  
U Ba Hla, Tavoy-I;  
U Ba Thaw, Pyu-I;  
U Bu Ral, Loikaw-I;  
Dr Maung Maung, Mandalay Northeast;  
U Mahn San Myat Shwe, Pa-An-III;  
U Hla Tun, North Okkalapa-II;  
U Vamthu Hashim, Matupi-I;  
U Tha Kyaw, Sittwe-II;  
U Thaung Tin, Twante-II;  
U Than Swin, Pakokku-II;  
U Aung Sint, Sanchaung;  
Thura U Aung Pe, Minbu-I;  
U Ohn Kyi, Einme-I;  
and the prime minister.

## Council of Ministers Elected

BK041420 Rangoon Domestic Service in Burmese 1352 GMT 4 Nov 85

[Text] The new Council of Ministers elected at today's Fourth People's Assembly meeting and ministers with their assigned portfolios are:

U Maung Maung Kha, Hlaing-I, prime minister;  
Thura Tun Tin, Hmawbi-I, deputy prime minister and minister of planning and finance;  
General Thura Kyaw Htin, Mingaladon-I, deputy prime minister and defense minister;  
U Ye Gaung, Henzada-II, minister of foreign affairs;  
U Sein Tun, Myingyan-II, minister of energy;  
Thura U Saw Pru, Sittwe-I, minister of transport and communications;  
U Tint Swe, Hmawbi-II, minister of industry-I;  
U Than Tin, East Bassein, minister of mines;  
U Min Gaung, Patheingyi-I, minister of home and religious affairs;  
U Maung Cho, Yedashe-II, minister of industry-II;  
U Khin Maung Gyi, Bogale-I, minister of trade;  
U Kyaw Nyein, Mandalay Northwest-I, minister of education;  
U Aung Kyaw Myint, Nyaung-u-II, minister of information and culture;  
U Ohn Kyaw, Paungde-I, minister of labor and social welfare;  
U Tun Way, Yamethin-I, minister of health;  
U Than Hlaing, Lashio-I, minister of cooperatives [new member]  
Rear Admiral Maung Maung Win, Kyaiklat-II, minister of livestock breeding and fisheries [new member];  
Major General Myint Lwin, Pyapon-II, minister of construction [new member];  
Brigadier General Than Nyunt, Shwebo-I, minister of agriculture and forests [new member].



## Council of Justices Formed

BK050344 Rangoon Domestic Service in Burmese 1330 GMT 4 Nov 85

[Text] The Council of People's Justice has been formed with the following members:

Chairman: U Tin Aung Hein, Yedashe-I constituency  
Members: Major General Ko Gyi, Letpadan-I;  
Major General Khin Maung Kyaw, Wetlet-II;  
U Tuang Hmung, Pegu-II;  
U Tun Tin, Mogok-I;  
U Ba Maw, Mudon-I;  
Dr Maung Maung Aye, Ma-ubin-II;  
U Win Maung, Moulmeingyun; and  
Brigadier General Aye San, Nyaung-u-I.

The Council of People's Attorneys has been formed with the following members:

Chairman: U Myint Maung, Magwe-II  
Members: U Khin Ohn, Kawa-II;  
U Lay Maung, Insein-I;  
U Hla Tint, Paungde-II;  
U Hla Shwe, Mayangon-I; and  
Major General Hla U. Danabyu-I.

The Council of People's Inspectors has been formed with the following members:

Chairman: U Ohn Tin, Salingyi-II  
Members: U Sein Tun, Labutta-I;  
U Sein Ya, Myanaung-I;  
Major General Tuang Za Khai, Toungoo-I;  
U Hla Phone, Myaungmya-I; and  
Major General Aung Khin, Myanaung-II.

SOCIALIST PROGRAM PARTY CENTRAL COMMITTEE MEETS

BK030750 Rangoon Domestic Service in Burmese 0700 GMT 3 Nov 85

[Text] The Central Committee of the Burma Socialist Program Party [BSPP] held its third meeting in the central meeting hall in the President's House compound on Ahlone road this morning and was presided over by the BSPP chairman, U Ne Win, with Secretary U Thein Ngwe acting as secretary of the meeting.

First, the secretary declared the Central Committee's third meeting open and in order. Then, BSPP General Secretary U Aye Ko submitted the report of the Central Executive Committee which was approved by the Central Committee members. Next, the report of the Party Inspection Committee and the report of the Party Discipline Committee was submitted by respective secretaries of the Committees, U Maung Nyo and U Ba Thein, and these were later approved at the meeting. Afterwards, Joint General Secretary U Sein Lwin submitted the matter of forming the Appeals Scrutinization Committee and this was approved.

General Secretary U Aye Ko then presented the matter in connection with the People's Assembly. The meeting was then briefly recessed. When the meeting resumed, the general secretary presented the matter of revising the rate of allowance of the Central Committee members, and the matter was placed on record.

Resolutions passed at the meeting were then announced and signed, after which BSPP Chairman U Ne Win delivered a closing address. The third meeting of the BSPP Central Committee then came to a successful close in the afternoon.

#### GOVERNMENT ANNOUNCES WITHDRAWAL OF KYAT NOTES

BK030707 Rangoon Domestic Service in Burmese 0639 GMT 3 Nov 85

["Special Notification No 1/85 of the Council of Ministers, Socialist Republic of the Union of Burma -- dated 3 November"]

[Text] 1. The 100-kyat, 50-kyat, and 20-kyat notes being circulated in the country at face value will cease to be of legal tender effective immediately upon announcement of this notification.

2. Currency notes mentioned above will have to be submitted to the nearest bank within the township between Monday, 11 November and 31 December, Tuesday, 1985.

3. When submitting the currency notes, each family must be represented by a single family member using the form provided by the bank and filling in the name and the national registration card number. The submission can be made only once.

4. Details of instructions will be forthcoming.

5. The following days are declared as bank holidays -- 4 November, 1985, Monday; and 5 November, 1985, Tuesday.

#### RALLIES IN KACHIN STATE DENOUNCE INSURGENTS

BK011419 Rangoon Domestic Service in Burmese 1330 GMT 1 Nov 85

[Text] A rally was held in the state stadium in Myitkyina at 0800 on 30 October to oppose and denounce Kachin insurgents. It was attended by over 10,000 local people from 17 wards and 7 village tracts. U (Taman Khi Maung) presided over the rally as chairman, U Tin Aung Thein, and U (Kyi Lwin Gyi) acted as members of the panel of chairman, and U (Sanda Saing Hka) officiated as secretary on the occasion. U Htwe Maung, representative of the township peasants organization addressed the rally. He exposed the criminal policy and destructive activities of the Kachin insurgents and submitted a motion to oppose and denounce them. U (Laban Soe), a village representative seconded the motion. The rally ended with the shouting of anti-insurgent slogans after the people at the rally supported the motion.

Another rally was held at 0930 GMT on 28 October in at the sports field of Samaw village in Mogaung. It was attended by over 3,500 people from 15 village tracts. U Zun Hla, U Aye Maung, U Tha Sein, U Than Pe, and U Ba Lon acted as members of the panel of chairmen and U Myint Soe officiated as secretary. U Zaw Tun, a village representative exposed the criminal policy and destructive activities of the Kachin Insurgents and submitted a motion to oppose and denounce them. U Aung Shwe and Daw San Yi, village representatives, seconded the motion. The rally ended at 1045 with the shouting of anti-insurgent slogans after the people had supported the motion.

Similar rallies to denounce the Kachin insurgents were held in Namti, Hopin, and (Mawhan) villages on the morning of 28 October. The rally at Namti was attended by over 7,000 people, the rally at Hopin village by 3,900, and the rally at (Mawhan) village by over 2,000 people. The people at the rallies vehemently denounced the Kachin insurgents.

OFFICIALS HAIL OUTCOME OF UN VOTE ON CAMBODIA

BK060828 Bangkok BANGKOK WORLD in English 6 Nov 85 p 32

[Text] National Security Council Secretary-General Sqn Ldr Prasong Sunsiri said this morning that he was glad to learn of the outcome of the vote on the Kampuchea resolution as the number of countries voting in support of the issue was higher than what Thailand and ASEAN have expected.

"We expected only one or two more countries to vote for us but a four-vote gain proves that many countries now see that Vietnam is wrong in the Kampuchea issue," he said. He insisted that it was time for Vietnam to reconsider its position.

"Vietnam's loss of one vote is a good sign. Last year 22 countries voted against the resolution but this year only 21 countries did," he said.

He said the result of the vote also proved that Vietnam's political status was less credible. He predicted that Vietnam's dry season offensive for this year may come later than last year due to increased activities by Khmer resistance forces.

The vote also showed that ASEAN and Thailand's stand on the Kampuchean issue was right, he said.

Foreign Ministry spokesman Sawanit Khongsiri said at a press conference this morning that the UN vote showed that the world community disapproved of the presence of 180,000 Vietnamese troops in Kampuchea and the annual Vietnamese dry-season offensives against Kampuchean resistance camps along the border with Thailand.

Sawanit said the world community also did not believe the Vietnamese campaign to make others believe that there was progress in talks between ASEAN and Indochina states. The Vietnamese launched the attempt two months before the vote was to take place but their trick failed, Sawanit said.

He said Foreign Minister Sitthi Sawetsila this morning informed Prime Minister Prem Tinsulanon of the voting results. Gen Prem was very satisfied and asked ACM [Air Chief Marshal] Sitthi to compliment Thai Ambassador to the UN Phiraphong Kasemsil.

The "Yes" votes for the resolution on the credentials of the Coalition Government of Democratic Kampuchea cosponsored by ASEAN and the CGDK this year increased to 114 from last year's 110 while the "No" votes were reduced from 22 to 21, Sawanit said. Four more supporting votes came from Guinea, Panama, Trinidad and Tobago, and Saint Christopher and Nevis. Guyana which voted against the resolution last year abstained in this year's voting.

RADIO ON SRV REJECTION OF THAI AIDE MEMOIRE

BK051255 Bangkok Domestic Service in Thai 0530 GMT 5 Nov 85

[Station article: "Vietnam Denies the Truth"]

[Text] Dear listeners: The problem of Cambodia has been prolonged for many years as a result of the Vietnamese military occupation and suppression of the Cambodian people's rights and freedom, as well as the threat to Thailand's security.



In their mop-up operations against the Cambodian people, Vietnamese forces often encroach upon Thailand's border and violate Thai sovereignty. Their artillery rounds inflict losses of life and property in Thai border villages. Most of the time, Vietnam denies responsibility for those incidents no matter how blatant they are.

On 21 October the director general of the Information Department reported that the Vietnamese charge d'affaires was summoned to the Foreign Ministry to receive an aide memoire over Vietnamese soldiers' encroachment of Thai territory and the capture of five Thai soldiers on 5 October. The aide memoire also mentioned previous incidents which took place on 2 April 1983 and 4 May 1985. The Vietnamese charge d'affaires however refused to accept the aide memoire. He said Vietnamese soldiers had never violated Thailand's sovereignty, and elaborated Vietnam's policy. He did, however, say he would report the contents of the aide memoire to the Vietnamese Government.

The details of the aide memoire are as follows: On 5 October 1985 at 0945 a group of about 10 Vietnamese troops crossed into Thailand and captured 3 Thai military officials who were performing their duty inside Thailand in Ta Phraya District, Prachin Buri Province, 2 km from the Thai-Cambodian border. The three soldiers are: Major Domchai Kongkaeo, and ranger volunteers Sayan Munphrom and Sawat Chumphon. The three were taken to a Vietnamese military position inside Cambodia, west of Ban Talok, in Thmar Puok District, Battambang.

Prior to this incident, Vietnamese soldiers had made several incursions into Thailand capturing Thai officials and taking them back to Cambodia. On 2 April 1983 Vietnamese soldiers crossed the border into Phnom Pa, Ta Phraya District, Prachin Buri Province and clashed with Thai soldiers. Vietnamese soldiers then captured Private Somchai Sae Chia. On 4 May 1985, Vietnamese troops captured policeman Aphilak Chanthapramot while he was performing his duty in Khok Sung, Ta Phraya District, Prachin Buri. He was taken to Sisophon, inside Cambodia.

The Thai Government informs the SRV Government of the following:

1. The intrusion into Thailand by Vietnamese soldiers and the capture of Thai military officials performing their duty inside Thailand constitutes an outright violation of Thailand's independence, sovereignty, and territorial integrity.
2. The Thai Government demands that the SRV Government immediately take steps to return the five Thai officials to the Thai Government.

Dear listeners: The incidents mentioned above are the outcome of Vietnam's action, that is, its aggression and occupation of Cambodia. Vietnam has overlooked the UN principles and international charter. UN resolutions call for the withdrawal of foreign forces from Cambodia to give the Cambodian people the right to self-determination. Unfortunately, Vietnam consistently ignores the call, and encroaches on Thai territory in its mop-up operations against the Cambodian people. Vietnam, however, has never accepted responsibility. This is the true nature of Vietnam. The hope to see peace return to this region is always far away.

#### DEPUTY COMMERCE MINISTER TO VISIT DPRK

BK051001 Bangkok Voice of Free Asia in Thai 1030 GMT 4 Nov 85

[Text] Deputy Commerce Minister Phairot Chaiyaphon said today that he will lead a Thai delegation on a 12-day visit to North Korea from 12 November.

The purpose of the visit is to negotiate with North Korea over the import of about 10 to 20 tons [as heard] of tin ore from Thailand. The Thai delegation, comprising representatives from the government as well as the private sector, will also try to sell agricultural products such as rubber and canned pineapple to North Korea. According to a report from the Foreign Trade Department last year trade between Thailand and North Korea was valued at about 73.1 million baht, with a 64.1 million baht surplus in favor of North Korea.

#### SOVIET ENVOY INTERVIEWED ON RELATIONS, TRADE

BK051420 Bangkok MATICHON in Thai 5 Nov 85 pp 1, 2

[Text] Soviet Ambassador to Thailand Valentin Kasatkin on the morning of 4 November gave an interview to MATICHON on the success of developments in the USSR, its foreign policy, and Thai-Soviet relations. He appraised Thai-Soviet relations as at a satisfactory level with good prospects. This is evident by the large number of official and unofficial exchanges between the two countries every year. A group of Soviet youth representatives and a Supreme Soviet delegation recently visited Thailand; last week, a large group of Soviet tourists arrived here for a visit. Thai writers and representatives of the Social Welfare Council have gone to visit the USSR.

Kasatkin said that the USSR wants to develop relations with Thailand, especially trade and economic relations. Trade volume between the two countries is likely to increase every year. Trade between Thailand and the USSR amounted to \$83 million in 1983 and \$95 million in 1984. "The total volume this year will be more than \$100 million," Kasatkin said.

The Soviet ambassador said that a Thai-Soviet chamber of commerce or joint committee should be established to set an annual trade target. Now, Thai businessmen do not know what kind of products the Soviet market needs. He also proposed that ASEAN open talks for relations with CEMA, like the relations ASEAN has with the EC, adding that CEMA's production output totalled 30 percent of the world.

Commenting on the misunderstanding over Soviet recruiting of Thai students to study in the USSR, Kasatkin said that he has suggested the setting up of a selection committee with representatives of Soviet higher education institutions to choose Thai students. Kasatkin said that his country cannot reject the Thai students' desire when they contact the embassy and show their records with high grades.

When the MATICHON correspondent asked him what the USSR thinks when those students return to Thailand in the future and become black sheep in society, Kasatkin answered that Soviet education is of a high quality and is in demand in the West; for example, a large number of Sri Lankan students that graduated from the USSR have been given jobs by Western universities.

The Soviet ambassador said that in the future he hopes to expand relations with Thailand by proposing exchanges on culture, sports, and science.

#### OFFICIAL SAYS BAHT DEVALUATION BOOSTS EXPORTS

BK050309 Bangkok BANGKOK POST in English 5 Nov 85 pp 15, 17

[Text] The year-long baht depreciation has helped boost Thailand's export volume by 7.5 percent, the Bank of Thailand revealed yesterday.

Spokeswoman of the central bank Praphaphim Sakuntaphai said another result of the devaluation was that Thai exports gained access to larger markets.

A year ago today the baht was depreciated from 23 baht a U.S. dollar to 27 baht, and the Thai currency was also for the first time unpegged with the greenback, with a "managed floating system" in fixing the baht against other currencies introduced.

Mrs Praphaphim said a central bank study on the performance of Thailand's major exports showed that Thai rice's share in the world market went up from 36.275 percent before the devaluation to 36.739 percent, tapioca products went up from 89.2 percent to 90.9 percent, rubber from 16.8 percent to 17.4 percent, maize from 4.9 percent to 5.9 percent frozen shrimp from 4.1 percent to 4.7 percent and sugar from 4.2 percent to 5.6 percent.

Mrs Praphaphim, who is also director of the central bank Governor's Office, added that except for rice and maize, exports of other major products of the country went up.

The volume of rubber exports, for example, increased by 21 percent, she said, tapioca product exports went up by 13.2 percent, frozen shrimp by 34.3 percent, sugar by 51 percent, textiles by 30 percent and others by 8.6 percent.

She also noted that the managed floating system had also enabled Thai exporters to be more flexible in fixing their prices and that had helped them be more competitive in the world market.

As for the country's export revenue, she said because of the world recession and the price slump in the international markets, the revenue in terms of U.S. dollar dropped by 3.8 percent, but it increased in the terms of baht by 14.5 percent because of the devaluation.

Comparing prices of major products before and after the devaluation in the world and local markets, rice dropped by 17.1 percent in the world while it decreased by 14 percent locally, rubber at the Singapore market dropped by 16.9 percent while it went down 12.2 percent domestically, and the price of tapioca went up 13.4 percent in Rotterdam but rose 48.5 percent locally.

At the same time, she said, the appreciation of the U.S. dollar against the baht had helped reduce the import value in terms of the dollar by 6.4 percent and increased by only 0.7 percent in the terms of baht.

The reduction of imports can be broken into: textiles by 22.2 percent, parts and components of bicycle and motorcycle by 37.5 percent, parts and components of bus and truck by 43.9 percent, chassis and automobile body by 34.7 percent, and gemstones and jewelry by 23.4 percent.

She also said that the cheaper baht had attracted more tourists to the country as shown by the increase of the service account by 33 percent during the first nine months of this year. "The growth rate in the same period of last year was only 6.2 percent," she said.

#### INDUSTRY MINISTER COMMENTS ON TIN COUNCIL PROBLEMS

BK050354 Bangkok Domestic Service in Thai 0000 GMT 5 Nov 85

[Thai Industry Minister Dr Chirayu Itsarangkun Na Ayutthaya's statement to newsmen; date not given -- recorded]

[Text] I feel that Thailand's position on the tin crisis is still that all parties should cooperate to ensure the survival of the International Tin Council [ITC].



However, there are so many parties not involved in the operations -- buyer countries and producers who do not belong to the ITC -- causing it to appear that the burdens of the countries in the ITC are too great to be shouldered with their resources alone. The buyer countries and the producer countries who do not belong to the ITC previously will have to join the ITC. Moreover, the banks have also become involved as well as the central market -- the London metal exchange.

As one of the producer countries, even though we are the third largest producer country, we cannot overdo things. We will do what we can to help resolve the problem. If there is no solution, the problem will worsen which will mean the collapse of the world tin market. The anticipated immediate effect of this is a great drop in the tin price. We can only hope that a collapse of the ITC will not drop the tin price too markedly as long as all parties do not panic. But this might be too difficult to hope for because psychologically there will be panic. Therefore, the tin price will drop rapidly and will eventually rise to a balanced level. Preparations will have to be made to help the local parties as much as possible.

#### BANGKOK POST Editorial

BK050211 Bangkok BANGKOK POST in English 5 Nov 85 p 4

[Editorial: "Tin: A Strategy for Survival..."]

[Text] It is usual, when things go wrong, for everyone to blame everyone else. There is a degree of justice in this undignified process. It takes a lot of people to make a really big mess and despite all the hurt indignation after the event most of them probably contributed to it, if only by keeping quiet in the good times before disaster struck.

The collapse in London of the International Tin Agreement (ITA) and with it the probable demise of the International Tin Council (ITC) is a case in point. On page 21 today, BANGKOK POST publishes an editorial comment from THE ECONOMIST of London. Worried about "financial ruin" in the commodity trading system "and the banks that support it" the editorial tells the 23 governments, including Thailand, who make up the countries represented in the ITC, "to do the decent thing" and "give the buffer stock manager enough money to pay his debts."

For years the ITC has been fixing tin prices way above the metal's market value. More than twelve months ago tin miners in the South, faced with declining ITC export quotas, were urging the Government to quit the cartel.

The convoluted ITC process has involved the 23 governments providing the buffer stock manager with funds to buy enough tin to keep the international price at an artificially-high level. In the meantime, non-ITC producers, such as Bolivia, Brazil and China have been making inroads into ITC markets, smugglers have been having a field day and now, finally, the buffer stock manager has run out of cash. THE ECONOMIST is right to call the collapse of this absurd arrangement "a victory for the laws of supply and demand."

Thailand's rubber [as published] exports went up by 9 percent in value in the first eight months of this year. Volume was up by almost a quarter, a staggering 23 percent. There were two reasons. Significantly, both concern the removal or reduction of market distortions. First there was the two-stage cut-back in export tariffs in October 1984 and April. The other took place one year ago today when the Government was bold enough to reduce the overvaluation of the baht and free it from the mercurial dollar -- a move unfortunately known as "devaluation."

The demise of the ITC, whether it comes now or later, will end a long-standing distortion in a major world metal market on a massive scale. The people who stand to lose the most the fastest are not the tin miners of Phuket but the brokers of London -- many of whom have never been near a tin mine and probably would not know a tin ingot if they saw one.

It has now emerged that these brokers and the ITC buffer stock manager have been borrowing heavily from some of the world's leading banks using tin stocks as collateral. In itself this is not extraordinary. What is hard to understand is why the banks -- often keen to knock a third off the audited value of a fixed asset before accepting it as collateral -- in this case were apparently happy to accept the ITC's own prices at up to twice those of the market for their valuations. Doubtless as the extent of the crash becomes clear, the banks will blame the brokers, the brokers will blame the buffer stock manager and he in turn will blame the countries who make up the ITC.

How could the bankers and brokers and what THE ECONOMIST calls "the smart-suited young men" have been unaware that they were trading within a house of cards? The kindest conclusion is that, although knowing, they chose to paddle along making more money rather than rock the boat with too many questions about where they were going.

Thailand's position, spelt out yesterday by the Minister of Industry, Dr Chirayu Itsarangkun na Ayutthaya, is therefore both wise and fair. If the other 22 ITC members come up with the money to support the buffer stock manager, thus preventing a few bankruptcies in the stock-broker belt around London, so will Thailand. Otherwise, Thailand is ready to suffer the consequences of the collapse of the ITC cartel and go it alone. The Minister has wisely kept the country's official options open.

In practice it is clear that the non-ITC producers will not join the cartel and that without them there is no cartel, Thailand's tin miners will take time to adjust to a new and more realistic price structure, but in the long run the only people in this part of the world who will mourn the death of the ITC are the smugglers in the Bay of Phangnga.

VIETNAM SETS 19 NOV FOR START OF B-52 EXCAVATION

HK060812 Hong Kong AFP in English 0746 GMT 6 Nov 85

[By Allen Nacheman]

[Text] Bangkok, Nov 6 (AFP) -- Hanoi has set November 18 for the start of a joint U.S.-Vietnamese excavation of the crash site of a B-52 bomber shot down north of Hanoi in 1972, the Vietnamese Embassy here said today. A spokesman said about 10 U.S. experts and an unspecified number of Vietnamese would spend about 10 days probing the site in Gia Lam District, 15 kilometers (nine miles) northeast of Hanoi, for remains of the plane's crew.

This is the first time Hanoi has granted a U.S. request to excavate the site of a downed plane in Vietnam, part of a U.S. effort to determine the fate of some 1,820 U.S. servicemen missing in action (MIA) since the war in Vietnam. The U.S. Embassy here refused to comment, but said a statement would be issued in Washington later this week.

A Western diplomat here termed the Vietnamese move part of a push to establish diplomatic ties with Washington, but said the effort was doomed as long as Hanoi's army remained in Cambodia. "It's pretty clear that Vietnam wants normal relations," he said. "The reason behind it is the hope for some assistance, maybe trade relations. They recognize the MIA issue is one of the stumbling blocks and they have evidently made a conscious decision to cooperate on this." But he added, "I don't think it's very realistic because it doesn't address the biggest obstacle, which is Vietnam's occupation of Cambodia." Washington has repeatedly said it would not consider diplomatic ties until Vietnam withdrew from Cambodia, where an estimated 150,000-170,000 troops have been stationed since Vietnam installed the Heng Samrin government in Phnom Penh in January 1979.

The Vietnamese announcement of the B-52 investigation followed a United Nations General Assembly vote yesterday supporting the membership of Cambodia's tripartite resistance, the Coalition Government of Democratic Kampuchea. The General Assembly also passed a resolution calling for a Vietnamese withdrawal from Cambodia. Hanoi has pledged to withdraw its troops from the country by 1990.

A U.S. source here said it was uncertain to which crash site the Vietnamese announcement referred because as many as a dozen B-52s were shot down in the Gia Lam area during what was known as the Christmas bombing of 1972. The source added that a B-52 normally carries a crew of six. U.S. experts have already visited a B-52 crash site in the Gia Lam District at least once, during a September 25-28 mission to Hanoi in preparation for the excavation. The U.S. State Department said last month that Hanoi's agreement to the joint excavation was conveyed during a meeting between U.S. and Vietnamese officials at the United Nations in New York on September 27. Since the two countries began talks on the MIA issue in 1982, Vietnam has returned the remains of 125 missing U.S. servicemen, including 26 handed over last August. Last February a U.S. team was allowed to excavate the site where a C-130 transport was shot down in southern Laos in December 1972, but requests to excavate sites in Vietnam have been rejected until now.

RADIO DEMANDS U.S. RELEASE VIETNAMESE ACTIVIST

BK051413 Hanoi Domestic Service in Vietnamese 0500 GMT 5 Nov 85

[Text] Progressive public opinion in the United States is stirring up a struggle campaign to demand freedom for David Truong, a Vietnamese-born American activist of the movement for peace and against war.



During the U.S. imperialist war of aggression against Vietnam, Truong actively participated in the movement against the dirty U.S. intervention in Indochina. After Washington was forced to pack up and leave Vietnam and the Saigon puppet administration collapsed, Truong continued to struggle to demand that the U.S. Administration normalize relations with Vietnam. He strove to convince various U.S. congressmen and political activists of the necessity of this normalization. According to U.S. press reports, Truong openly criticized Washington's foreign policy. Despite repeated threats by Federal Bureau of Investigation agents, Truong continued his just activities. In 1978, the U.S. political protection agency, considering Truong a dangerous element, arrested and sentenced him to 15 years' imprisonment. In 1981, the National Alliance for Struggle Against Racial Discrimination and Political Oppression, unanimously elected David Truong its honorary vice president in absentia.

On 5 February 1985, from his jail in Danbury, Connecticut, Truong sent to his comrades proof of the U.S. authorities' terrorism against the movement for peace and democracy. Many of those detained at various prisons are victims of reactionary U.S. political forces. At the Danbury prison in particular, the inmates include many activists of the antinuclear weapons movement and the movement for the independence of Puerto Rico and numerous sympathizers of the Northern Ireland people's struggle for independence and an end to British occupation.

This shows that Washington is frenziedly cracking down on the movement of struggles against war, for peace and national independence of various peoples. This is also undeniable proof of the fallacy of the so-called freedom, democracy, and human rights often touted by the United States and its friends. Progressive opinion and the struggle movement for peace in the United States have stressed: It is no crime to oppose war and to demand peace and peaceful coexistence among nations. David Truong must be set free.

#### FORCES IN HA TUYEN CAPTURE CHINESE SPIES

BK031536 Hanoi Domestic Service in Vietnamese 1430 GMT 3 Nov 85

[Text] The public security forces in Yen Minh District, Ha Tuyen Province, working in close coordination with the armed forces militia, have stayed close to their operational areas, administered the management of households, and promptly exposed and captured dozens of Chinese spies and scouts intruding into the district to operate and establish contact with local reactionaries.

Yen Minh District has organized tens of thousands of people of various nationalities to study regulations on the maintenance of security and to sign emulation agreements to defend their villages and hamlets against all enemy psychological warfare maneuvers. To date, 14 villages and 28 organs, enterprises, and state forestry sites have set up 200 people's security teams with the participation of 2,000 people who regularly work to help maintain border security and contribute to firmly stabilizing prices and controlling the market.

#### RUSSIAN LANGUAGE TELEVISION CHANNEL INAUGURATED

BK051230 Hanoi Domestic Service in Vietnamese 2300 GMT 4 Nov 85

[Text] On 4 November 1985, the Central Television Station inaugurated Channel 9 for Soviet citizens working in Hanoi and Vietnamese viewers able to speak Russian.

Attending the function were Tran Lam, member of the party Central Committee and chairman of the Vietnam Radio and Television Commission; Cu Huy Can, minister in charge of culture and education attached to the Council of Ministers' Office; Nguyen Hoang, deputy head of the party Central Committee's Propaganda and Training Department; Nguyen Van Han, editor-in-chief of the Central Television Station; other comrades from the Ministry of Foreign Affairs, the Council of Ministers' Office, and the Post and Telegraph General Department; representatives of various organs; and cadres of the Vietnam Radio and Television Commission. Also present were Alisadev, cultural attache of the Soviet Embassy in Vietnam; cadres from the embassy; and representatives of Soviet news agencies and the newspaper PRAVDA in Vietnam.

At 1600 sharp, Comrades Tran Lam and Alisadev pushed the buttons activating Channel 9, officially broadcasting new television programs.

After equipment had been installed and transmission tested, technical quality of the programs received via satellite was guaranteed. Beginning on 4 November 1985, these programs have been officially shown on Channel 9 of the Central Television Station and can be received in color or black and white within a radius of 20 km from 1600 in the afternoon onward. On Saturdays and Sundays a matinee program is added beginning from 1000.

This is a new achievement recorded by cadres and workers of the Central Television Station in service to the community of Soviet citizens in Hanoi on the occasion of the 68th anniversary of the Great October Socialist Revolution.

#### HANOI CITES TASS ON USSR-SRV TRADE DEVELOPMENT

BK041348 Hanoi Domestic Service in Vietnamese 0500 GMT 4 Nov 85

[Text] According to the Soviet news agency TASS, Soviet-Vietnamese trade and economic relations are built on the principle of friendship and mutual benefit and on the sound legal basis of various intergovernmental agreements.

Trade between the two countries has developed vigorously. While the value of goods exchanged between Vietnam and the Soviet Union amounted to 650.5 million rubles in the 1st 6 months of 1984, it shot up to more than 724.3 million rubles in the 1st half of this year, an increase of 70 million rubles. Soviet foreign trade corporations have supplied Vietnam with machinery, equipment, means of transportation, machine tools, drilling machines, ships, aircraft, generators, and products of the food and other industries.

The Soviet Union has bought farm produce and other kinds of goods from Vietnam. In recent years, the volume of Vietnamese industrial products imported into the Soviet Union has increased markedly. Vietnamese-made overcoats, footwear, and other items are popular with Soviet shoppers. Through their cooperation in building various economic projects, the Soviet Union and Vietnam are successfully fulfilling the tasks of increasing both countries' economic potentials and developing the production of consumer goods to improve the vietnamese people's standard of living.

#### SOVIETS HELP TRAIN WORKERS AT DA RIVER PROJECT

BK041158 Hanoi Domestic Service in Vietnamese 1430 GMT 3 Nov 85

[Text] Since construction began at the Hoa Binh hydroelectric power plant work site, a seething emulation drive has been initiated between the Vietnamese cadres, workers, and employees and the Soviet specialists working there.

With wholehearted help in training from the Soviet specialists, the work site has now developed a contingent of more than 30,000 cadres, workers, and employees who are fully capable of resolving complicated problems involved in hydroelectric construction by themselves and who always fulfill their tasks on schedule. Many persons, who not long ago were liberal arts students or agricultural laborers, have now become full-fledged workers, serving as the backbone of Vietnam's future hydroelectric construction force. Four workers at the project have been decorated with the title of Hero of Vietnamese Socialist Labor. By organizing emulation activities from the production-unit level up through the general corporation, the Vietnam-USSR friendship emulation drive has contributed to the success of the first phase of the damming of the Da River to control the first wave of flashfloods in 1984 and is now contributing to overcoming difficulties and accelerating the construction of two drainage tunnels in preparation for the second phase of the damming of the Da River in early 1986.

AID, RECOVERY PLANS NOTED FOR BINH TRI THIEN

India Sends Medicine

BK301547 Hanoi VNA in English 1512 GMT 30 Oct 85

[Text] Hanoi VNA Oct, 30 -- The Indian Government decided to send a quantity of medicines worth 500,000 rupees as emergency aid to the Vietnamese population in areas stricken by recent storms and floods.

Rice, Funds Donated

BK011455 Hanoi International Service in English 1000 GMT 1 Nov 85

[Text] The Ministry of Communication and Transport and its trade union organization has given 5 million Vietnamese dong as relief to the transport service of the storm-stricken province of Binh Tri Thien. Each worker and employee at the ministry offices will donate 2 kg of rice, and each worker at all provincial communication and transport services will donate 1 kg of rice to Binh Tri Thien's population. The workers and staff members of the daily NHAN DAN donate 1 day's salary to Binh Tri Thien. In Laos, the government has decided to send 21 million kip as relief to the people in Binh Tri Thien Province. The Japanese Government on Tuesday decided to donate U.S. \$200,000 as emergency aid to the storm victims in Vietnam.

Provincial Party Resolution

BK301620 Hanoi Domestic Service in Vietnamese 0500 GMT 30 Oct 85

[Text] The Binh Tri Thien Provincial Party Committee recently held an unscheduled meeting to issue a resolution on the following four urgent tasks aimed at overcoming the effects of typhoons and floods:

1. The most pressing task is to stabilize the people's lives and to wholeheartedly care for the people's health. Typhoons and floods have claimed more than 1,000 dead, missing, or injured. Almost all homes have had their roofs damaged. Some 213,000 houses or 61.4 percent of all houses in the province have either collapsed, been washed away, or been seriously damaged. Hundreds of thousands of people are homeless and lack food and clothing.

The provincial party committee has encouraged the entire party and people to develop their tradition of sharing the weals and woes as they did in the war years and give wholehearted assistance to those families with dead, in caring for those families with only aging and ailing persons and helpless children, and in saving and healing the injured, the sick, and the disabled.



The people have helped one another rebuild or repair their damaged houses. The province and its subordinate districts have mustered cadres, soldiers, and youths to help completely destroyed villages in the coastal and Dam Pha areas build makeshift houses.

Along with urgently restoring the operations of various first-aid stations and hospitals, the public health sector has mustered doctors, physicians, and nurses of various hospitals and students of various public health schools to work at the grassroots level and join with the local people in cleaning up the environment in order to isolate and stamp out epidemics and diseases.

The provincial party committee has decided that its provincial and district cadres must go down to the grassroots level and care for the people and help them overcome current difficulties in food, housing, health care, and education. Districts and all sectors in the province must, with a sense of responsibility, strive to quickly tackle all most essential requirements of the people, especially grain, and must make full use of all the remaining sources of grain kept by the people, storage depots, and the state-run sector and secure salt, kerosene, medicine, blankets, mats clothing school books, and those materials needed to repair houses and store-houses. This is to ensure housing and food for every person and to help quickly stabilize the people's lives and restore production.

2. A key task to overcoming the difficulties is to step up agricultural, forestry, fishery, industrial, artisan, and handicraft production and concentrate on carrying out satisfactorily the winter and 5th-month spring crop production in order to prevent hunger.

Responding to a call of the provincial party committee, the local peasants, workers, troops, public security agents, and students have made full use of many pieces of land to plant short-term vegetable crops, especially sweet potatoes, mustard greens, and pumpkins. Many agricultural supply corporations, vegetable and fruit corporations, the food office, and the marketing cooperative management board have quickly supplied chemical fertilizer, insecticide, and vegetable seeds to those organizations, units, and families planting vegetables and secondary food crops.

Many districts are carrying out agricultural irrigation, building sea dikes, and repairing their networks of irrigation canals, ditches, and dams. They have plowed tens of thousands of hectares for rice. In addition to rice seed supplied by their higher echelons, cooperatives have urged their members to reserve good rice seed for the collective to sow. Forestry sites are intensively restoring many plots of damaged industrial crops such as pepper, tea, coffee, and rubber and caring for those remaining unaffected crops while preparing the land for replanting of the lost crops, especially rubber.

3. It is necessary to urgently repair damaged projects and factories without letting them rot further from the heat, rain, or leakage, especially those projects directly catering to production and life such as sea dikes, reservoirs, irrigation dams and canals, schools, hospitals, first-aid stations, storehouses, workshops, power lines, and communications lines.

It is necessary to step up the activities of various distribution and circulation sectors and legislation sectors, intensify market and price controls, and resolutely punish speculative hoarders, blackmarketeers, and those dishonest traders who are disrupting the market. In particular, it is necessary to strictly enforce discipline in the internal ranks by punishing those degenerate, deviate, and corrupt cadres offering themselves as henchmen for the speculative hoarders and blackmarketeers attempting to profit from the difficult situation caused by typhoons and floods.

In order to implement satisfactorily these four pressing tasks, the provincial party committee has decided to take advantage of this opportunity to resolutely do away with the bad practice of centralism, bureaucracy, and subsidization now creating numerous difficulties, obstacles, and delays in work. First of all, various echelons and sectors must adopt a specific working system and patterns suitable to the urgency of the task of overcoming the consequences of typhoons and floods. Simultaneously, they must strengthen and perfect their unit organization and cadre contingents at all levels in such a way as to make them capable of implementing this urgent resolution of the provincial party committee as well as the various resolutions of the party Central Committee, especially the resolution of the party Central Committee's eighth plenum. All organizations must be compact, qualified, and effective. Efforts must be made to discard intermediaries and unnecessary offices and sections and to minimize inconveniences and problems for the lower echelons and people.

#### MINISTER SPEAKS ON AFFORESTATION PROGRAMS

BK041324 Hanoi International Service in English 1000 GMT 4 Nov 85

[From radio feature: "Our Country"]

[Excerpt] As you may know, at the initiative of the United Nations Food and Agriculture Organization [FAO], 1985 has been observed as the International Year of Forests. This is to encourage national and international efforts in preventing the wanton exploitation of forests, protecting and replenishing them for the benefit of each country and of the whole world community.

Today, we invite Mr. Pham Xuan Dot, minister of forestry and president of the Vietnam Committee for the International Year of Forests, to tell you about the protection and replenishment of forests in Vietnam. Minister of Forestry Pham Xuan Dot says:

[Opening words of Pham Xuan Dot statement recorded in Vietnamese, followed by resumption of announcer's voice in English] Vietnam is situated in a humid, tropical monsoon area with a large vegetation, which gives the flowers and fruits all the year round. But the successive wars in the past 40 years caused enormous destruction to our forest areas. Especially, the U.S. chemical warfare in the sixties and seventies destroyed over 2 million hectares of forests in southern Vietnam alone and hundreds of millions of cubic meters of valuable timber. Damage caused by the wanton exploitation of forests, the practice of nomadic life, and the slash-and-burn farming in mountainous areas was also serious. As the forestry materials are badly needed for our national reconstruction, the Vietnamese party and state have paid great attention to the protection of forests. The National Assembly has issued decrees on work and the Ministry of Forestry has worked out many measures to prevent the shrinking of forest land.

Minister Pham Xuan Dot further says: In the past 4 years, from 1981 to 1985, the Vietnamese have afforested more than 335,000 hectares and planted 1.3 billion trees in other areas, overfulfilling their 5-year plan. The trees planted in 1984 and 1985 showed an increase of 6 times over the previous year. Forest fire and other disasters caused by the wanton exploitation of forests now rarely occur. In Vietnam there are only 7.8 million hectares of natural forests, accounting for 23.6 percent of the land, but the demand for timber and other forest products is growing. The Vietnam Committee for the International Year of Forests has highly appreciated the FAO's initiative, because this contributes to the protection of world forests and first of all to the solving of concrete problems in Vietnam, such as to prevent forest destruction, protect and replenish natural resources, and preserve tropical fauna and flora, which are in danger of being exterminated like in other parts of the world. Vietnam has founded a national committee and many local committees for the International Year of Forests to carry out diversified activities.

AUSTRALIAHAYDEN SAYS IRIAN ISSUE MATTER FOR INDONESIA, PNG

BK060532 Melbourne Overseas Service in English 0430 GMT 6 Nov 85

[Excerpts] The minister for foreign affairs, Mr Hayden, has said the issue of Irian Jayan refugees in Papua New Guinea remains a matter for Indonesia and Papua New Guinea. Speaking in Brisbane before leaving for a visit to Papua New Guinea, Mr Hayden said discussions as late as last week with the Papua New Guinea prime minister, Mr Somare, indicated that Papua New Guinea wanted no external interference in the matter.

Last month, Papua New Guinea's justice minister, Mr Bais, said he wanted Australia to accommodate some of the Irian Jayan border crossers. Mr. Hayden said he had received no formal briefing on the request, and he is not prepared to comment. The foreign affairs minister is expected to discuss the Irian Jayan issue with Mr Giheno [Papua New Guinea foreign minister] in Port Moresby today.

NEW ZEALANDDUMAS STATEMENT SPARKS CALL FOR INQUIRY

HK060601 Wellington Overseas Service in English 0510 GMT 6 Nov 85

[From the "Checkpoint" program]

[Text] The opposition has been calling for a public inquiry into the Rainbow Warrior case in the light of the statement by the French foreign and defense ministers suggesting New Zealand Government interference. Both ministers have hinted at least that the New Zealand Government was involved in the decision to change the charges from murder to manslaughter.

The prime minister came under fire at question time this afternoon from National Justice spokesman Paul East, who asked whether New Zealand officials had had any discussions with the French Government on the future of the two French officers now in jail in Auckland. Mr Lange replied, yes.

[Begin recording] [East] Does the prime minister's statement confirm the statement made by the French Foreign Minister Roland Dumas that there have been negotiations between French and New Zealand officials regarding the future of the Rainbow Warrior bombing, and in fact that [words indistinct] the word "discreet" negotiations regarding the charges being reduced? [end recording]

Now, there's some confusion here. News of discreet contacts between the two governments on the question of the charges came from the French defense minister yesterday [words indistinct]. What the French foreign minister, Mr Dumas, said came in an interview with Radio France International a while later, and Mr Dumas' choice of words was just as careful and ambiguous, in the phrase "discreet contacts." He was asked if there has been any bargaining between the two countries.

[Begin Dumas recording -- in French, fading into English translation] Bargaining, no. Diplomatic negotiations, yes. I would remind you that on 23 September 1985, I met Mr Palmer, deputy prime minister and justice minister of New Zealand. On 27 September, we issued a communique saying all problems would be investigated, in the light of the respective laws of our two countries and in the light of international law. Since that time, contacts have been maintained between the New Zealand authorities and representatives of my ministry.



I respect the sovereignty and independence of New Zealand justice, but my own view is that the New Zealand legal system has now got a clearer appreciation of the facts of the case. Negotiations are continuing, and I will make every effort to have the two French officers freed as soon as possible. [end recording]

At no stage did Mr Dumas say directly that the New Zealand Government was definitely involved. But it's clear now there was bargaining, in the sense that the crown prosecution, close to the government, talked to the defense about the charges [word indistinct].

In reply to another question, the prime minister suggested Mr Dumas' statement could be explained in two possible ways:

[Begin Lange recording] The first is that the French foreign minister is doing a bit of grandstanding at home, as if there had been that negotiation which resulted in it. And the second is that the French foreign minister might not have the degree of awareness of our judicial and crown solicitor system, so that he might genuinely think that when the lawyer representing the two accused that went there from France spoke with the New Zealand solicitor general, it may be, consistent with the French system, that he thought that the solicitor general was in fact some agency of government rather than occupying the unique crown position that he does. [end recording]

The government says it was not involved in changing the charges, nor will it be involved in bargaining over the sentencing. What were those discussions on the future of Mafart and Prieur that Mr Lange referred to earlier? It now seems clear that the French want the government to step in after the sentencing and deport the two offenders. Mr Lange has admitted that possibility, though he says it has not yet been decided. Meanwhile, Captain Prieur has repeated she hopes to be home for Christmas.

MINING INDUSTRY CONSIDERS TIN MARKET CRISIS

AU041443 Paris AFP in English 1433 GMT 5 Nov 85

[Text] Kuala Lumpur, Nov 5 (AFP) -- Malaysian mining associations have held meetings in the past two days to review the country's tin industry position in the face of a threatened collapse of the world tin market, officials said. The States of Malaya Chambers of Mines held an emergency meeting yesterday while the All-Malaya Chinese Mining Association also had an emergency meeting on Sunday to discuss ways to tackle the problems faced by miners.

States of Malaya Chamber of Mines President Mokty Mahmood said the meeting also dwelt on alternatives available to the industry in the event of a collapse. He said that several suggestions that came up at the meeting would be forwarded to the government. "We are just thinking aloud on ways to salvage the situation. The matter is very much in the hands of the government," he said.

Tin trading on the London Metal Exchange and the Kuala Lumpur tin market was suspended on October 24 after the International Tin Council buffer stock manager, Pieter de Koning, announced he was pulling out of the market because the ITC no longer had the money to support depressed prices. This is the first time that tin trading has been suspended on both markets.

The vice-president of the All-Malaya Chinese Mining Association, Hew See Tong, said Sunday that about 250 more gravel pump mines would be closed and 8,000 workers retrenched if the government did not help the industry by providing subsidies to tide them over the difficult period. Mr Hew said the association had prepared a memorandum, to be sent soon to the primary industry and finance ministers, asking for a 50 per cent reduction in electricity rates and the automatic renewal of all mining lands on lease to enable them to plan remedial actions. Information Minister Rais Yatim, who is also the government spokesman, said last Wednesday that the cabinet would hold a special session to deal with tin.

An official of the Mines Department said a drop in the current tin price could lead to a closure of a 80 to 90 percent of Malaysia's mines and several thousand workers laid off, at least until the confusion is sorted out and prices go up again. The department said that in the past five years, 20,000 mine workers have lost their jobs and the level of employment in the tin industry fell from 40,080 in July 1980 to 24,432 in December 1982. It fell further to 22,761 in April this year. They said that Malaysia's share as the largest tin producer has also dropped from 62,000 tonnes a year in the 1970's to about 41,000 tonnes in 1984. Officials said that the Association of Tin Producing Countries (ATPC) set up in March 1983 with Malaysia, Indonesia, Bolivia, Australia, Thailand, Nigeria and Zaire as members has not scheduled any meetings in the coming two weeks despite the current situation.

COMMENTARY VIEWS WORLD TIN CRISIS, U.S. ROLE

BK311020 Kuala Lumpur International Service in English 0800 GMT 31 Oct 85

[Unattributed commentary]

[Text] As the world's leading producer and exporter of tin, Malaysia is determined to do its part to check the current crisis in the world marketing of tin.

It had been hoped by the major tin producing countries that continued buying of tin by the buffer stock manager of the International Tin Council [ITC] would bring about a more stable condition for demand for the metal. Unfortunately, in the words of the Malaysian Primary Industries Minister Datuk Paul Leong, events have rapidly overtaken all the decisions made by the Association of Tin Producing Countries at their meeting in Canberra, the Australian capital, last month.

The international tin agreement would have been more effective but for two factors. The general demand for tin has been on the decline in recent years largely due to the appearance of a number of substitutes for tin of which plastics are the best known rival. The second factor is the attitude of non-ITC members and some consumer countries alike. While the members of the ITC have been reducing their output so as not to flood the market with too much tin and cause a further depression in prices, the non-members have quite blatantly expanded production regardless of the economic consequences. This type of behaviour has been particularly injurious to tin producing countries like Bolivia which depend on tin export for a substantial portion of their foreign exchange earning. Bolivia's exports of tin are expected to reach only 9,000 tons whereas in recent years the average annual output was in the region of 15,000 to 18,000 tons.

An important factor in the tin price is the day to day regulatory decisions concerning the vast stocks of tin which the U.S. Administration controls. The disposal of large quantities of tin from the stockpile, managed by the General Services Administration, is too vital a question to be ignored. The U.S. Government must be fully aware of the blow that may be felt to the developing nations that are tin producers. It is to be hoped that the U.S. Administration will continue to suspend disposals of tin from its strategic stockpile and thus provide a measure of relief for Malaysia, Bolivia, and the other tin producing nations.

In addition, of course, Malaysia is determined to provide its support for the International Tin Council buffer stock manager in efforts to restore stability in the tin market. Malaysia has a more diversified economy than some of the other tin producing nations and it is therefore more resilient. At the same time, the government is continuing with its vigorous policy of promoting further economic growth. A very recent development is the agreement reached with Thailand for the joint exploration for petroleum off the east coast of peninsular Malaysia. Both countries will finalize joint venture projects very soon. Malaysia will step up its production of oil to 500,000 barrels a day. In addition, the budget proposals for 1986 contain some very attractive incentives for the enthusiastic overseas investor. Malaysia's pragmatic approach to the problems posed by the current recession will enable her to meet all the challenges that may crop up in the months to come.

#### COMMENTARY VIEWS REAGAN'S REGIONAL PROPOSAL

BK051005 Kuala Lumpur International Service in English 0800 GMT 5 Nov 85

[Unattributed commentary]

[Text] The Malaysian deputy prime minister, Datuk Musa Hitam, has given further details on the U.S. peace formula for the Kampuchean issue. The deputy prime minister's perception of the stance that will be taken by President Ronald Reagan at the forthcoming U.S.-Soviet summit has sparked off much comment. While Malaysia and ASEAN welcome the inclusion of Kampuchea in the summit discussions on crisis areas and conflicts, there is one aspect of the American President's policy that is open to criticism. The linking of the problems of Kampuchea and Afghanistan to the issues of the Central America, Namibia, and Angola is puzzling to us in Southeast Asia. The noncommunist nations in this region are focussing their attention on economic growth and social development while Vietnam is pursuing power politics with the open support of the Soviet Union.



To quote President Ronald Reagan's own words, in Cambodia, that is Kampuchea, 140,000 Soviet-backed Vietnamese soldiers wage a war of occupation. What Malaysia and its ASEAN partners would like to see is a greater concern on the part of the United States for the interests of the noncommunist states in this region. It is significant that the Vietnamese are exploiting a sensitive issue in American society, namely, the accounting of American servicemen who are reported as missing in action. Hanoi has been dragging its feet on this issue knowing full well that this is one way of keeping alive the feelings of guilt and embarrassment that millions of ordinary Americans feel about the manner in which the war was conducted more than 10 years ago. Hanoi's calculation is that the U.S. Administration cannot afford to pursue any cause except that which will probably induce the Vietnamese Government to be more cooperative on the missing servicemen issue.

Meanwhile, as the stalemate continues, the rest of the world will be preoccupied with pressing matters such as the recession, inflation, and trade protectionism. There may well be an attitude of regarding Kampuchea as a faraway country about which very little is known. Malaysia, however, cannot be expected to take such a detached and disinterested attitude. Whatever happens to and in the Indochina state affects Malaysia very closely. That was the message communicated to the visiting deputy prime minister of the Soviet Union, Mr Yakov Petrovich Ryabov by Malaysia's foreign minister, Tengku Ahmad Rithauddeen.

The Soviets have been told in plain language that they can play a positive role in dissuading Vietnam from continuing its present policy of entrenching itself in Kampuchea. The denial of the right to self-determination to the people of Kampuchea, will only strengthen the resolve of the ASEAN partners to defend themselves against both internal subversion and external aggression mounted by world communism.

Therefore, Malaysia, while looking forward to credible measures to curb the arms race both on earth and in outer space, will be equally concerned about the priority that will be afforded to the Kampuchean issue. Details about the American plan for negotiations with the Russians in solving the Kampuchean and Afghan crises are being kept confidential. However, ASEAN has always shown its keenness towards all planned proposals and formulae addressed to the vital topic of Kampuchea. In the deputy prime minister's words, the assurance given by the U.S. President is encouraging.

#### BANGLADESH LEADERS RAISE TRADE CONCERNS

##### President Meets Mahathir

BK051030 Kuala Lumpur International Service in English 0800 GMT 5 Nov 85

[Text] Datuk Sri Dr Mahathir and the visiting president of Bangladesh, Mr Hussain Muhammad Ershad, held discussions at the Prime Minister's Office in Kuala Lumpur this morning. The two heads of government briefed each other on political development in their respective countries. The secretary general of the Ministry of Foreign Affairs, Tan Sri Zainal Abidin Sulong, told newsmen after the talks the minister of foreign affairs, Tengku Ahmad Rithauddeen, and his Bangladeshi counterpart, Mr Humayun Rashid Chowdhury, also held a meeting. They discussed several matters including the need to promote bilateral relations particularly in trade and shipping. At present, trade between the two countries is in Malaysia's favor. A communique will be issued at the end of the president's 5-day visit. President Ershad who arrived yesterday is accompanied by his wife.

The matter was discussed by the foreign ministers of the two countries, Tengku Ahmad Rithauddeen and Mr Humayun Rashid Chowdhury in Kuala Lumpur. The secretary general of the Ministry of Foreign Affairs, Tan Sri Zainal Abidin Sulong, said they also discussed direct trade links, shipping, and efforts to redress the trade imbalance between the two countries now in Malaysia's favor. The possibility of implementing joint ventures in several fields were also discussed. Mr Chowdhury, who is in the federal capital with Bangladesh President Hussain Mohammad Ershad, is on a 5-day visit.

Meanwhile, the national team of the Commercial Ministry will sign a letter of understanding with the Bangladesh counterpart tomorrow to establish a joint committee to promote trade between the two countries. Its president, Dr Nawawi Mat Awim, says the committee will prepare a basic framework to increase all levels of trade cooperation. During the luncheon hosted by the chamber for President Hussain Mohammad Ershad this afternoon, Dr Nawawi urged Bangladesh businessmen to understand the [word indistinct] structure of Malaysia. He pointed out that Malaysia (?presents) a community system and it has to [word indistinct] up promotion on attractive marketing capital to sell their goods and (?potentials). The president in his reply said that there is great potential in economic cooperation between Malaysia and Bangladesh. He called on Malaysian businessmen to take up joint ventures in Bangladesh.

#### FORMER PRIME MINISTER COMMENTS ON SABAH CRISIS

HK051022 Hong Kong AFP in English 1005 GMT 5 Nov 85

[Text] Kuala Lumpur, Nov 5 (AFP) -- A former prime minister today called on the Malaysian Government to take immediate steps to resolve the political crisis in the east Malaysian state of Sabah. Hussein Onn, the immediate predecessor of Prime Minister Mahathir Mohammad, said in an interview with the English-language MALAY MAIL that the government should intervene before the situation in Sabah becomes a threat to peace and security. He also cast doubt on the infallibility of a three-party coalition government.

Sabah has been in a state of political unrest since the Christian-dominated Parti Bersatu Sabah (PBS) upset the then ruling Berjaya Party and the United Sabah National Organisation (USNO), a predominantly Moslem grouping, in state elections in April. Oil-and-timber-rich Sabah is the only state in Malaysia ruled by an opposition party.

Mr Hussein, who stepped down as prime minister in July 1981 for health reasons, said everyone was "waiting anxiously to see how the crisis arising from political struggle among the different parties is going to be resolved." He said that political matters should be resolved through political means instead of being taken to court -- an apparent reference to recent attempts by both sides to the Sabah dispute to get court rulings in favor of their respective positions. "Such practices are bringing politics into disrepute," Mr Hussein said.

In the latest development, three PBS men yesterday lost a bid to keep their Sabah assembly seats when the state high court said it had no jurisdiction to issue an injunction against the assembly speaker and the Election Commission. In mid-November the high court is to hear a suit by USNO leader and Former Chief Minister Mustapha Harun alleging that the appointment of state Chief Minister Joseph Pairin Kitingan, of PBS, was unconstitutional.

Mr Hussein meanwhile said that a three-party coalition government looks unlikely. "If there is to be a coalition government, it will most likely be between Berjaya, a component in Dr Mahathir's ruling National Front coalition, and PBS," he said. Mr Kitingan, Kitingan, who last week mentioned the possibility of a coalition after talks with Mr. Mahathir, said in Kota Kinabalu, the capital of Sabah, yesterday that PBS members appeared to be against a coalition government.

USNO leader Mustapha Harun, 67, contends he is the real chief minister after state Governor Adnan Robert swore him in as head of a minority coalition in the early hours after the April balloting. But Mr Adnan later in the day said he had been intimidated into appointing Mr Mustapha, and named Mr Kitingan, a 45-year-old Catholic lawyer, instead.

#### SINGAPORE

#### 2 SOVIET SHIPS SEEN HEADING TOWARD SRV

HK041304 Hong Kong AFP in English 1242 GMT 4 Nov 85

[Text] Singapore, Nov 4 (AFP) -- Two Soviet warships reported by the U.S. Navy as likely additions to the Soviet Pacific Fleet were today heading north through the South China Sea towards Vietnam, foreign military sources here said. The sources said it was unclear whether the Soviet vessels would call at Cam Ranh Bay in Vietnam.

They said the Soviet destroyer and cruiser, the first of their class seen in the region, had been sighted by the Australian guided missile frigate Canberra since they sailed out of the Malacca Strait past Singapore yesterday to continue their voyage to the Soviet Pacific base of Vladivostok. The Soviet ships were identified as the 28,000-tonne nuclear-powered Kirov-class cruiser Frunze and the 7,900-tonne Sovremenny-class guided-missile destroyer Osmotritelny. They were escorted by a Kashin-class guided-missile destroyer Storgy through the Malacca Strait, the sources said.

There was no immediate word on the movement of the 8,500-tonne Udaloy-class guided-missile destroyer Admiral Spiridinov, another new type of Soviet warship which was reported to be off India also on its way to join the Pacific Fleet, the biggest of Moscow's four naval commands. The Canberra was heading for Singapore when it was diverted.

It had been scheduled to join the guided-missile destroyer Perth and destroyer tender Stalwart, which is also the Australian flagship, to provide sea support to a four-nation air defence exercise starting tomorrow and for bilateral manoeuvres with the Singaporean and Malaysian Navies. The source said it was possible Canberra might head for Hong Kong and await the two other members of its task force from here this weekend to keep up a scheduled exercise with the British Navy.

The United States does its own intelligence gathering on the military movements of the Soviet Union and its Warsaw Pact allies worldwide. But monitoring of Soviet naval movements through the Malacca Strait has been a joint effort of New Zealand and Australia, using facilities in Singapore and Malaysia.



MARCOS ANNOUNCES ELECTION TO INCLUDE VICE PRESIDENT

HK060340 Manila Far East Broadcasting Company in English 2300 GMT 5 Nov 85

[Text] President Marcos changed his election plans yesterday [5 November] and included the vacant vice presidency in the snap election slated for January 17 next year. He said the inclusion of the vice presidency will resolve the issue on the political stability in the country and that of the administration and the entire government. However, the president did not say who will be his running mate. He explained that the stability of the government to uphold the succession mechanism can only be established if there is a vice president, which will in turn ensure the stability of the Republic. The president also assured that the snap presidential and vice presidential elections will be free and honest.

At the same time the chief executive said he has decided not to issue a special decree that will govern the election. He said it is up to the Batasang Pambansa whether to hold a special election or not. The president also assured that the election -- if it pushes through -- will be free, fair, and honest.

IMELDA MARCOS RULES OUT RUNNING FOR VICE PRESIDENT

HK060811 Hong Kong AFP in English 0736 GMT 6 Nov 85

[Text] Manila, Nov 6 (AFP) -- Imelda Marcos, wife of Philippine President Ferdinand Marcos, today ruled out speculation that she would be her husband's running mate in presidential polls next January. Mr. Marcos gave no indication as to who his running mate would be, saying he had yet to consult the ruling party caucus. He said the nominee should add prestige to the team, must have "strong popular appeal" and will make a good and credible president.

"I understand that there was a lot of speculation that I was running for a public office. I was asked this in Japan. I am not running for any public office, whether vice president or any office," Mrs. Marcos said. The first lady, concurrently human settlements minister and governor of Metropolitan Manila, made the announcement at Manila Airport on her arrival from a 20-day trip to the United Nations, Soviet Union, and Japan.

Many opposition leaders say she was the ruling New Society Movement (KBL) party's leading contender to the post, which has been vacant since 1972 when her husband imposed over eight years of martial law in the country.

Mr. Marcos has asked the National Assembly to pass a law calling for snap presidential elections in January, earlier than the expiry of his present term in 1987, and asked that he be allowed to run without resigning from his post. "The nomination for the vice president is wide open" said Mr. Marcos, who met his wife at the airport together with the Soviet and Japanese Ambassadors to Manila Yuriy Sholmov and Kiyoshi Sumiya, top cabinet members, and military officials including Armed Forces chief-on leave General Fabian Ver.

"Prestige to team...a strong popular appeal, and more than this, that if anything happens to the president he will make a good, credible president," Mr. Marcos said when asked what would be the ideal qualifications of his running mate.

Mrs. Marcos said "it was a most fulfilling and enlightening trip," when asked to assess her trip. She held talks with Soviet President Andrey Gromyko, Japanese Foreign Minister Shintaro Abe, and other officials from the two countries.

## Discusses Soviet Support

HK061041 Hong Kong AFP in English 1009 GMT 6 Oct 85

[Text] Manila, Nov 6 (AFP) -- The Soviet Union has offered to extend aid to the Philippines and vowed not to intervene in this troubled U.S. ally's internal affairs, President Ferdinand Marcos's wife Imelda said here today. Mrs Marcos made the statement at a news conference on her arrival from a 20-day trip to the United States, Italy, the Soviet Union and Japan amid increasing strains in U.S.-Philippine ties.

Asked if Moscow's pledge not to intervene in local affairs would be favorable to Manila's fight against a raging communist insurgency led by the New People's Army (NPA), Mrs Marcos said "I think so very much."

"Also they were very clear. They said you let us know where we can help and support you. We will not tell you where we will help and support you, because that is intervention," she said.

Philippine officials have in recent months been bristling at alleged U.S. intervention in the domestic affairs of the Philippines, which hosts the two largest U.S. overseas military facilities, Clark Air Base and Subic Naval Base. Some commentators have said that President Marcos has been using the "Russian card" through his wife, who is close to Soviet officials, in order to warn Washington that he may tilt toward the Soviet if pressured further. Mrs Marcos, the minister of Human Settlements and governor of Metropolitan Manila, has been a roving ambassador for her husband since the mid-1970's. Mrs Marcos described her entire trip as "most fulfilling," adding that there was a "lot of misconception" about her country due to press coverage.

She said she met members of the Soviet Presidium, led by President Andrey Gromyko, before proceeding to old religious centers in the Soviet Union. She donated a statue of the Blessed Virgin Mary to Moscow's Saint Louis Cathedral, press reports here said.

Earlier, Mrs Marcos stood in for her husband at the United Nations 40th anniversary celebrations in New York, and visited Rome. She went on a private trip to Tokyo, where she met with Japanese trade officials. Her visit to Moscow came amid increasing U.S. pressures from Washington for President Marcos to institute radical political and economic reforms to stem the growth of the estimated 15,000-strong NPA, military wing of the banned Communist Party of the Philippines (CPP). Washington is Manila's largest military and economic aid donor. Assistance from and trade with the Soviet Union is still considered insignificant here.

The Soviet Embassy here yesterday denied a U.S. government report that it was enlarging its staff and making indirect offers of help to Filipino communist rebels through local affiliated of a Moscow-backed labor federation.

Mr Marcos, the Foreign Ministry, and the federation had denied the report to the Select Committee on Intelligence, made public in Washington last week.

OPPOSITION REACTION TO SNAF ELECTION REPORTED

HK051331 Manila PHILIPPINES DAILY EXPRESS in English 5 Nov 85 pp 1, 6

[Text] Leaders of both the KBL and the opposition yesterday gave varied reactions to President Marcos' decision to hold a snap presidential election on January 17 next year. There were, however, many ifs and buts.

While two ranking members of the KBL debated over the constitutionality of the snap election, the opposition said they're ready to face Marcos but will participate in the election only if he first resigns the presidency. Questions on constitutionality, however, raised the possibility that the snap election will raise more problems than it will solve.

Two opposition presidential hopefuls, UNIDO president Salvador B. Laurel and Liberal Party leader Eva Estrada Kalaw, said they will support Mrs Cory Aquino if she passes the criteria as an opposition common candidate under the selection process of the National Unification Committee (NUC).

A third opposition leader, former Sen. Jovito Salonga, said a snap election can only be valid if President Marcos first resigns from office. While the opposition members fell over each other in reacting to the surprise announcement by President Marcos to call a presidential election in an interview with David Brinkley on ABC television Sunday night, most of the KBL set back and watched.

Only Deputy Prime Minister Jose A. Rono and former foreign minister Arturo M. Tolentino among KBL members were available to give their views at the Kapihan sa Manila [Manila coffee shop] breakfast forum at the Manila Hotel yesterday.

Tolentino said a snap election without the President resigning is unconstitutional. He also said that holding two elections in one year (presidential in January and local in May) will be disastrous to the country's economic recovery program because campaign funds pumped into the money stream will trigger another round of inflation.

Rono disagreed, saying that a law is presumed constitutional unless declared otherwise by the Supreme Court.

Other reactions to the calling of the snap election:

-- The commission of elections said it is now preparing to hold the election within 60 days;

-- The National Citizens Movement for Free Elections (NAMFREL) said any special election to be considered valid, must first pass the test of constitutionality and that the issue must first be submitted to the people in a plebiscite;

-- Opposition MP Homobono Adaza said a snap election "is the best thing that can happen to this country" and that it would be a sure way of getting President Marcos out of power;



-- Mrs Cory Aquino declined to comment on the issue, saying that "it is premature without seeing first the content of the covering presidential decree;" and

-- Former Justice Cecilia Munoz Palma, NUC chairman, convened an emergency session of the NUC and announced that the opposition will participate in the election if all constitutional requirements are followed. But if the President uses his emergency powers, the NUC will boycott the election.

The strongest opposition to the snap election came from Tolentino, who reiterated his position that pushing through with the plan could "wreck the country's national economic recovery program." He said that President Marcos cannot legally call an early presidential election without first vacating the presidency.

"It is a ploy, and a bad one," he said. He added that issuing a presidential decree to pave the way for a snap election cannot be legal for lack of a covering constitutional provision.

Tolentino, who said he has not talked to the president since he was removed as foreign minister last year, said he would try to dissuade President Marcos from going ahead with the election "if given a chance" during the KBL caucus before the Batasan resumes sessions next week.

"He had changed his mind before and he can still change his mind this time," he said.

Rono was the only other KBL leader who commented on the issue. "There is no ifs and buts; there will be special polls," he said. Rono, however, agreed with Tolentino that it would be economical for the country if the presidential election is synchronized with the scheduled local elections next May. A synchronized election is not a remote possibility, he added.

The NAMFREL also favored synchronized polls, saying that with an estimated government expense of P300 for each election, "serious thought should be given to synchronizing" them in May.

Salonga said the LP [Liberal Party] will participate "but Mr Marcos must resign first." He said a snap election can only be valid under the constitution if a vacancy occurs by death, disability, removal from office or resignation.

Kalaw, Salonga's rival in the LP intramurals, and other opposition leaders MP Luis Villafuerte and UNIDO secretary-general Rene Espina, welcomed the snap election, saying that "the opposition expected and is prepared for such." Villaurerte, representing Laurel in the Kapihan and the NUC emergency meeting, said the opposition is prepared to face President Marcos in any election, snap or regular.

Also present in the NUC meeting were Abraham Sarmiento representing former President Diosdado Macapagal, former Comelec chairman Jaime Ferrer, former Rep. Jose Cojuangco, former Sen. Francisco Rodrigo, former Con-Con [Constitutional Convention] delegate Bren Guiao, Adaza and Mrs Aguino.

"We welcome the announcement of an early election because that is what the opposition has been clamoring for," said Mrs Palma after the meeting. "We expect that the constitution will be followed by the president. He has to resign."

She added that a planned decree that will allow the president to stay in office while campaigning would violate the constitution.

She said the opposition will agree on a single bet to field against the KBL candidate. Under the NUC formula for a common candidate, all four major opposition parties will nominate their candidates, from whom the eventual common candidate will be picked in a convention.

#### LAUREL CALLS FOR DELAY OF SNAP ELECTION

HK060333 Manila Far East Broadcasting Company in English 2300 GMT 5 Nov 85

[Text] In the opposition camp, Unido President Salvador Laurel called for a delay until March of the snap presidential election announced by the president for January 17. Laurel said the delay until March will give the opposition time to prepare.

The call for a poll delay was made by Laurel in Washington, where he is currently visiting. He said the January election will not give the opposition time to decide on a common candidate and put a campaign together. Earlier, opposition leaders in Manila said they could put up a common president candidate within 72 hours, after the announcement of the elections.

#### Marcos To 'Cheat'

HK061036 Manila Far East Broadcasting Company in Tagalog 1000 GMT 6 Nov 85

[Text] Today in Washington, Former Senator Salvador Laurel said that President Marcos' decision to include a vice presidential slate in the coming snap election is a good one and is probably a move aimed at improving Marcos' image. Laurel added that he thinks Marcos will cheat [dadaya-in] in the election and he warned that there will be an upheaval in the country if this is so. Laurel also said the Filipino people are not afraid of an election because they know such an election is necessary.

#### COMELEC TO MEET WITH MAJOR PARTY LEADERS

HK050911 Quezon City Maharlika Broadcasting System in English 0800 GMT 5 Nov 85

[Text] The Comelec [Commission on Elections] will conduct a national dialogue with the leaders of the major political parties in connection with the snap polls. The dialogue will be held on November 15 in Manila. Chairman Victorino Savellano said the dialogue will be participated in by Comelec officials as well as members of the KBL, Unido [United Nationalist Democratic Organization], the Liberal Party and the Nacionalista Party. He said the discussions will center on the salient features and provisions of the proposed election code which will ensure the holding of an orderly and peaceful political exercise.

#### KBL CAUCUS TO DISCUSS SNAP ELECTION 10 NOVEMBER

HK050503 Quezon City Maharlika Broadcasting System in English 0400 GMT 5 Nov 85

[Text] Local Government Minister Jose Rono says a Sunday KBL caucus will thresh out other details of the planned snap presidential election. Rono said [words indistinct] organization of the KBL machinery for the coming election have been virtually completed. He spoke to newsmen about the president's decision to call snap elections. [Rono recording indistinct]

COLUMNIST DISCUSSES MARCOS' ELECTION STATEMENT

HK051327 Manila BULLETIN TODAY in English 5 Nov 85 p 6

[Column by Benedicto David: "The 'Announcement'"]

[Text] The opposition as well as some American quarters are agog over the statement of President Marcos regarding snap elections in January.

We aren't that excited about it because of the fact that although he was given the option of calling the elections by the KBL a month or so ago, he said he still has to consult with his party leaders. Moreover, a law or a presidential decree is needed for holding such an election.

But most of all, we are bothered by the rather obvious fact that the Constitution which cannot be superseded by any law or decree specifies only four instances when special elections can be held for the office of the president and possibly the vice-president.

The four are:

1. Death...and he has no intention of dying and seems to be healthier than he has over the past year.
2. Incapacity -- which he has proved to be a futile ground.
3. Impeachment -- which cannot be done at this time because of the composition of the Batasang Pambansa.
4. Resignation.

We do not expect him to resign, of course, but stranger things have happened.

At any rate, any other ground would run counter to the Constitution and can be challenged before the Supreme Court...and if the Supreme Court declares such a law or decree unconstitutional, then, how can a lawabiding President call snap elections?

To add another ground would necessitate an amendment to the Constitution which would automatically require a plebiscite which is just as time-consuming and expensive as an election as far as the expenses of government go.

Because of this, we can appreciate the political brilliance of Mr. Marcos in making the statement to his American audience. It has placed him on center stage and may result in the generation (in American eyes) of the image of a law-abiding ruler.

Meanwhile, the opposition has been thrown into confusion and is scrambling about trying to decode the statement.

He doesn't have to do anything more...and events will take care of themselves. If the opposition continues to squabble, he will profit by it. If it unites behind one candidate and makes its choice, he can always be overruled by the Supreme Court... and he will know whom he may have to face in an election.



The question of snap elections has been intriguing the opposition over the past few months. That point has been the "apple" inscribed "to the fairest" which caused the story of Troy. We can expect the various aspirants to the crown to go into intensive in-fighting and hopefully (but not probably) come up with a single candidate.

Meanwhile, Cory Aquino waits in the wings as a dark horse candidate.

Meanwhile, no real decisions can be made in the opposition's leadership.

Meanwhile, Mr Marcos continues to be sitting pretty...and has gained brownie points before the American audience.

#### PHILIPPINES DAILY EXPRESS VIEWS SNAP ELECTIONS

HK051412 Manila PHILIPPINES DAILY EXPRESS in English 5 Nov 85 p 4

[Editorial: "Opting for Early Poll"]

[Text] President Marcos finally resolved the nagging question of whether or not to hold early presidential elections when he announced the other day his intention to call for one.

The matter still has to be deliberated upon and decided by the KBL meeting in caucus but it is generally believed the ruling party will go along with the idea. It will be recalled that in an earlier caucus, KBL leaders left the discretion to the President.

Though the sudden announcement probably caught many by surprise, the holding of early presidential polls was not really so remote in the thinking of some sectors. The political opposition had been girding for this for some time now, even going into elaborate preparations to determine a common candidate. The KBL, on the other hand, had not totally closed the door to the idea despite attempts to show otherwise.

But why should the president accede to the call for snap elections when the KBL claims he is unbeatable at this time, a claim bolstered by the findings of a recent survey conducted by the opposition? A higher political consideration apparently prompted Mr. Marcos to put aside all objections to an early presidential contest and call for snap polls this coming January. Fundamental issues have been raised in the past months and these have begun to affect the effectivity of government institutions, including the armed forces. A fresh mandate from the people would hopefully resolve these essential issues.

The nation will go through the extraordinary exercise of holding unscheduled presidential elections two months from now in the hope of clearing the political air and removing the obstacles to the proper functioning of government. All efforts must be exerted to make sure these goals are achieved.

#### COLUMNIST SEES LAUREL FOR OPPOSITION CANDIDATE

HK051440 Manila TIMES JOURNAL in English 5 Nov 85 p 6

["To My Mind" column by Gerry S. Espina: "Opposition May Pick Laurel Yet"]

[Text] With the snap presidential election now a great possibility we expect the opposition pot to boil harder in search for a common candidate against President Marcos. The way we see it, three opposition personalities are strong contention. These are former Senators Doy Laurel and Jovito Salonga and Cory Aquino, widow of slain former Sen. Benigno Aquino. Only a few weeks ago Cory Aquino announced that she would run for president only if there will be a snap election and if the Cory for President Movement headed by former MANILA TIMES publisher Chino Roces is able to get one million signatures endorsing her for president. It looks like one of her conditions is going to be met, the snap election.

Let us now see how fast the Roces group can get the one-million signatures. If the snap presidential election is to be held in January, there might not be enough time for Cory to decide and to actively campaign if the one million signatures do not come soon.

Salonga, on the other hand, is faced with a fragmented party. From the looks of things, it will take more of Salonga's charm to get back to his fold MP Eva Kalaw and her splinter LP [Liberal Party] group. In fact some opposition quarters believe that Kalaw has already aligned herself with UNIDO and Doy Laurel. This leaves Doy Laurel the strongest aspirant. For one, he has been unanimously chosen by his party as its official candidate, for purposes of the NUC [National Unification Council sponsored "pick a common Candidate" derby of the opposition. Laurel's party, the UNIDO, is the most organized nationwide. While Cory Aquino may expect the support of the non-political and cause-oriented groups aligned with the opposition, these groups are really not organized along party lines. A third reason going for Laurel is that majority of the opposition MPS in the Batasan belong to his group. Furthermore, Laurel is perhaps the only opposition presidential aspirant who has practically criss-crossed the country campaigning like he is already the candidate of the opposition. To our mind, therefore, organization and campaign mileage-wise, Doy Laurel, as of this date, appears the most prepared to fight President Marcos.

Consequently, we believe that in the end, and even if it is the NUC which will be the body to choose a common opposition bet, Doy Laurel will still be it. While we believe that NUC chairman, MP Cecilia Munoz Palma, is against Laurel and is for Cory Aquino, the other members of NUC will be more practical and will go for Laurel, unless Laurel opts to give way to either Cory Aquino or Jovito Salonga. Knowing Laurel, we don't see how this can be possible. Especially so if really the snap election is pushed through and more, if it will be held in January or even early February.

#### BIGORINIA PONDER'S MARCOS' RUNNING MATE

HK051343 Manila BULLETIN TODAY in English 5 Nov 85 pp 6, 9

[Column by Jesus Bigorinia: "Who Will Be President's Running Mate?"]

[Text] Hardly had President Marcos' image conceding he might call a snap election faded from television screens than speculation on his probable running mate broke out in political circles. Traditionalists in the Kilusang Bagong Lipunan (KBL) clung to the so-called principle of geographic distribution. That is, the president, if he seeks a new mandate, would have to pick a vice presidential candidate from the Visayas or Mindanao. The fluctuating nature of his health is a factor requiring serious consideration in the selection of a potential successor to the presidency.

Adherence to the geographic distribution scheme would give Deputy Prime Minister Jsoe A. Rono a runaway advantage over possible rivals for the vice presidential slot of the ruling party. A shrewd politician, Rono has parlayed over the martial rule era political leadership of a minor Samar district into the highest KBL circles. Amiable as well as unflappable, Rono, as majority floor leader of the Batasang Pambansa, has displayed an ability to smooth the way for passage of key administration proposals in a body suddenly packed with a militant minority.

Under the geographic distribution principle, Ambassador Eduardo Cojuangco, Tarlac's acknowledged political kingpin and rising business tycoon, should not enjoy the traditional "Chinaman's chance." Like President Marcos, Mr. Cojuangco is from Luzon and, by tradition, no two candidates for president and vice president have come from one region of the country.

But, reports have it that Ambassador Cojuangco "is the choice of the president's three children." The Marcoses' trust in the ambassador from Tarlac is reportedly absolute. Mr. Cojuangco's reputation for backing a pledge is well known in political as well as business circles. A pledge to protect the interests of the Marcos family should anything happen to the President is expected to be kept, even at the risk of life and fortune. Such fidelity is uncommon among Filipino politicians whose loyalties are too well known to stand the test of adversity.

In the process of building a business empire across the country, Mr. Cojuangco had also set up a political machine equalling many of the fragmented political groups now extant. A string of radio stations to carry his message to people is something to be reckoned with, furthermore. In deed, a vice presidential running mate for the president with the qualifications and organization possessed by Mr. Cojuangco would be hard to find in the upper echelons of the ruling party.

There are those who would swear to the loyalty and dedication of Defense Minister Juan Ponce Enrile. But it is no secret that he has long been in the political doghouse, particularly with the First Lady and Human Settlements Minister Imelda R. Marcos. Lanao del Sur. Gov. Mohammad Ali Dimaporo has often been mentioned as a vice presidential possibility. But the Moslem minority he speaks for militates against his selection. Former Senator Alejandro Almendras, Davao's assemblymen, is also said to be a contender. But all of them pale beside Mr. Cojuangco in the eyes of the President's family.

Malacanang was tracing the movements of presidential political adviser, Minister Leonardo B. Perez over the weekend. Perez was with President Marcos on All Saints' Day in La Union but had gone his separate way after the Bacnotan cemetery memorial rites. The president finally caught up with his political adviser shortly before the latter was to launch the mayoralty candidacy for Beguio City of Philippine Tourism Authority general manager Bernard Vergara at the meeting of the several Lions clubs of the Pines city. Malacanang's instructions: "Hold your horses. President Marcos is making a public statement that could postpone the local elections."

The president's statement obviously came in the course of a television interview on the Brinkley program during which he conceded he might schedule a special election for president and vice president early next year. Obviously, also, the local elections set for this coming May would have to be postponed. Two expensive elections could be disastrous to the national economy, it was contended. The official launching of Vergara's candidacy by the ranking Kilusang Bagong Lipunan party leaders of Northern Luzon was squelched at inception.

#### VALENCIA 'CONVINCED' NO SENATE ELECTION COMING

HK060425 Quezon City Manila Broadcasting System in English 0100 GMT 6 Nov 85

["Analysis of the News" by Teodoro Valencia]

[Excerpts] Mrs Marcos, interviewed in Tokyo by the ASAHI SHIMBUN, one of the leading newspapers of Japan, said that she is not available to run for vice president. She said [words indistinct] there was no truth in the rumor that the president would like his wife to succeed him or to make her run for vice president, in the event that he is not running for president.



But that is not the point. The point is that the first lady, explaining the action of President Marcos, told the Japanese that the idea of the president was to clear up misunderstandings in the United States regarding freedom in the Philippines, the politics of the country, the economic situation and other matters which the American press and the American public officials have never done in their presentation of facts before the American people.

It is true now that President Marcos is calling for a snap election to prove to all the sundry that, one, he can stand up to any opposition; two, that free elections in the Philippines is not something strange nor [word indistinct] because we have been electing our public officials by popular ballot far back in 1925 and long before that.

Many Americans believe that democracy is an American invention and that only the Americans believe in freedom of expression, human rights, civil rights, constitutional rights. So their impression, from reading their own newspapers and listening to their own public officials, is that the Philippines is far gone, that this is a dictatorship, that President Marcos is a man [words indistinct]. So President Marcos decided that once and for all, we are going to conduct an election and show the Americans that we know how to hold a clean and honest election and that in such a clean and honest election, he would come out the winner.

There is also the probability that our president made the surprise announcement at a time when nobody is talking about snap elections, to find out how ready the opposition are, and (?proceed) on the basis of initial reactions that they are not ready. They have found one reason or another for opposing the holding of an election; one of them being that if he were to run for president without resigning that he would cheat; and that if he were to win; it would be only because he cheated, [words indistinct], but he has never been against elections because [words indistinct]. So [words indistinct] the hope and the prayer that we might really have a snap election, although personally I am convinced we are not going to have any, because President Marcos is not about to hold an election and spend 300 million pesos for nothing, only to prove the obvious. And the only thing we are going to accomplish is to try to convince the American people that they have been wrong all the time about us; it is not worth the effort and the expense because I am sure they will persist in their wrong impressions; because Americans are not used to being told that they are wrong. Of course they can always be wrong and they have been wrong -- in Vietnam, Nicaragua, Cuba, Iran and elsewhere. But they have persisted that they [words indistinct] and that they blame [words indistinct] people who [words indistinct] misfortune after American started intervening in their domestic affairs.

The only logic that can be accepted for holding a free and honest election for president is [words indistinct] a new term for President Marcos so that if whatever happens in the immediate future, [words indistinct] and there would be no question about who is president, and that it will stop once and for all the wishful thinking on the part of so many people that all the stories about the health of the president are true.

In any case, yesterday, and like other days at the coffeeshops, the newspapermen, the photographers, the radio people, they were all, shall we say, disturbed that they were sleeping when [words indistinct] trying to find out what the opinions of the bigwigs are, to find out [words indistinct] whether or not we are really going to have a snap election. And of course nobody knew -- and you must have guessed that nobody knew for certain whether or not the [words indistinct], whether or not we are going to have one.

As I told you, the KBL will hold a caucus within a week, maybe later this week. [words indistinct] what the final decision of the president is, the president is the only one who can decide.

We were told by some leading light of the KBL that they have tried to persuade President Marcos to give up the idea of a snap election, but other people were [words indistinct] by citing the provisions of the Constitution. They did not talk to the president, they talked to the public and [words indistinct] about the legality of a snap election. [words indistinct] I don't think President Marcos is going to run for president if the condition is that he has to resign; and other people say if he did not resign, and the election were held, it will not be an election, it will become nothing but a referendum. I am assuming that he were to win, he's not going to [words indistinct] beyond December 31, 1987. On the other hand, what if the opposition candidates were to win in an election that will be invalidated by the Supreme Court? Unfortunately the legal question is not clear. [words indistinct] and then the leading lights of the opposition would like a definite position of the Supreme Court vis-a-vis the constitutionality of the call for a snap election before the plunge into this political melee.

On the part of the KBL -- because they would do what the president says -- they would follow whatever his signals may be; but even they have their misgivings, and I am sure that under the prevailing circumstances, we can talk about snap elections but it will be entirely a different proposition to expect to hold one.

There is another angle to this snap election idea. People are saying this is something that the American radio and television people imposed upon President Marcos, [words indistinct] President Marcos pressured by David Brinkley. [Words indistinct] that press release about a snap election, even before midnight of that very historic broadcast with David Brinkley. And if you will recall, through our own television that evening [words indistinct] all the television [words indistinct] kept on announcing to stay tuned for a very important announcement by President Marcos at 11:50 that evening. [Words indistinct] at about 11:50, and the question about snap elections or something like it occurred after 12 o'clock -- maybe around 12:15. How come Channel 4 already knew? There was a very important announcement [words indistinct] with President Marcos. Not a very important item, but an important announcement by President Marcos, [words indistinct] as far as the president was concerned, he utilized the Brinkley interview to announce his intention for a snap election.

Well, to be very certain, at this point in time, if you listen [words indistinct] that we are going to have any. But the president seems determined. The only thing he is not certain about at this point in time is how is he going to do it? In other words, how can the administration call for an election for a president without President Marcos resigning? That is a constitutional matter which will not be very easy to resolve, and we do not know the thinking [words indistinct] about KBL people. [Words indistinct] but if a majority of the KBL leaders are against the idea, I think even President Marcos might have a change of mind.

#### MARCOS ACCUSED OF 'COMMUNIST SCARE' TACTICS

HK051147 Davao City PEOPLE'S DAILY FORUM in English 13 Oct 85 pp 1, 8

[By Davao Intermedia Guild]

[Text] The Nationalist Alliance for Justice, Freedom and Democracy (NAJFD) here said the U.S. backed Marcos regime is using the "communist scare" to sow fear among the professional, business and church sector, and to discourage them from aligning with the militant mass movement.

The local chapter of NAJFD said a smear campaign against the anti-dictatorship movement has been unleashed by the administration even as it disclosed that \$3 million have been initially given by the National Endowment for Democracy (NED) to conservative groups in the country which are tasked of fighting communist insurgency. The NED, a group which promotes U.S. business interests here, is also directed to cultivate political leaders, the NAJFD said. U.S. Government officials are also openly supporting some oppositionists apparently to scout pro-U.S. political leaders, the militant group observed. "We condemn the desperate acts of the U.S. to sow disunity among the ranks of the anti-dictatorship movement by coopting the vacillating elements among the opposition groups," NAJFD said, adding that the U.S. hand is seen in all facets of the Filipino national life.

The NAJFD further disclosed that troops of the Special Warfare Unit I and the Special Operations Squadron are now deployed at Clark and Subic bases to help counter the resistance against the government. It also lashed out at the U.S. bases, saying it is the "greatest affront to our sovereignty." "Through these bases, the U.S. sustains its expansionist interest not only in the Philippines but throughout Asia and Pacific," NAJFD said. It also denounced the U.S. manipulation of the economy: "The freezing of wages, banning of strikes, peso devaluation, price increase, import liberalization and insidious schemes are all U.S. handiwork." The NAJFD demanded an end to U.S. support for the Marcos government, saying that the lifeblood of the present leadership is the U.S. military, economic and political assistance.

#### GENERAL VER 'VERY CONFIDENT' OF ACQUITTAL

HK061031 Hong Kong AFP in English 0956 GMT 6 Oct 85

[Text] Manila, Nov 6 (AFP) -- General Fabian Ver today said he was "very confident" of being acquitted in the Benigno Aquino murder trial but refused to comment on his planned reinstatement as Philippine military chief. The longtime associate of President Ferdinand Marcos laughed off questions about how long he wanted to stay on as Armed Forces chief of staff and reports that Washington strongly opposed his reinstatement. "I am very confident. I always maintain my faith in the justice of my cause and our judicial processes," the general, wearing civilian clothes, said at Manila Airport where he was among those present to welcome Mr Marcos's wife Imelda home from her three-week trip abroad. Gen Ver, 65, was on trial from February to September as an accessory to the August 21, 1983 murder of Mr Aquino, the President's top political rival. He has been charged with trying to cover up a military plot behind the crime. The verdict is due by January, following normal court processes, and Mr Marcos has repeatedly pledged to reinstate Gen Ver, who went on leave in October 1984 to stand trial, if he is acquitted.

Asked how long he wanted to serve once reinstated, he laughed and said, "That's a very beautiful question, yes." He said "I don't know" when asked if he believed all his 25 co-accused, who are all military officials or troopers except one, would be acquitted. On alleged U.S. pressure against his reinstatement, he said, "I do not wish to make any comment now." Washington, Manila's main military and economic aid donor, has openly and privately registered its opposition to the planned reinstatement. It has also voiced a preference for U.S.-trained Lieutenant General Fidel Ramos, the acting chief of staff who is widely seen here as a Ver rival.

#### COLUMNIST DISCUSSES BIAS AGAINST GENERAL VER

HK051357 Manila METRO MANILA TIMES in English 3 Nov 85 p 4

["Rallying Point" column by Mat V. Defensor: "Ver As Victim"]

[Text] Certain sectors of society, both here and abroad, long ago prejudged the Aquino assassination trial.



To them, Gen Ver et al are guilty of Ninoy Aquino's murder and no amount of evidence can change their verdict. They reached their conclusion long before the Agrava Board investigation started and, after the Agrava Board majority report was released, even before the Sandiganbayan trial could start.

Ironically, these same sectors are very vocal in their demand, for "fairness and justice" in connection with the Aquino assassination trial. When the Agrava Board was conducting its fact-finding inquiry, they asked for "credible investigation." When the Sandiganbayan trial began, they wanted a "credible result." Where they are concerned, there can [be] no fairness and justice, nor can credible investigation or credible result be possible without the conviction of Gen Ver et al.

Is that fair? Is that just? Lest anybody forget, these are the very same people who immediately after the airport tragedy in August 1983, clamored for an immediate investigation, and the government promptly acceded. The Fernando Commission was quickly formed, only soon to be replaced by the Agrava Board, again to comply with the wishes of these sectors. They went wild with glee when the Agrava Board issued a majority report indicting Gen Ver et al. They accepted the report as gospel truth (despite some initial misgivings before the report came out because they feared it would contradict their own bias. They hailed the Agrava Board for its courage in making a finding of guilt. It was a fair and just findings, they chorused.

Then they asked -- and again the government acceded -- that those indicated by the Agrava Board be tried immediately. They were certain that conviction would follow. But now, after both the prosecution and the defense have rested their case and the matter has been submitted for decision by the Sandiganbayan, the sectors are beginning to question the integrity of the very judicial system in which they operate and whose efficacy and integrity they found no reason to question when they thought things were going their way.

Why have they chosen to impugn the integrity of the court at this time? The truth is, with the exclusion by the Supreme Court of the only evidence against Gen Ver on constitutional grounds, nothing is left to support the accusation against Gen Ver. Even these sectors grudgingly admit this. Anticipating the eventual acquittal of the general (whose hide they want for obvious reasons) and unable to alter the direction the case has taken, they now find it expedient to condemn the system of justice which they had espoused.

Those who ask for justice must show that they deserve it themselves. Those who wish to be treated fairly must show fairness. There is no justice in prejudgment, and no fairness where one demands something one is not prepared to give, himself.

It may be too early to condemn the Sandiganbayan at this point. The accusers of Gen Ver et al may yet have the surprise of their lives. For all they know, the Sandiganbayan may still come out with a decision convicting all the accused. After all, these sectors were also apprehensive about the Agrava Board report before, when they suspected a whitewash. They were wrong then. They can be wrong again about the Sandiganbayan.

Meantime, let justice run its normal course. Any way, all parties have had their day in court. Let the Sandiganbayan appreciate the evidence before it and consider the issues raised by both the prosecution and the defense. The court should be permitted to weigh things carefully, uninfluenced by hate and prejudice, unimpeded by public hysteria, and guided only by the evidence, by the law, and by its conscience.

PETITION SEEKS TO PREVENT AQUINO CASE WHITEWASH

HKO41005 Quezon City WE FORUM in English 29 Oct-4 Nov 85 p 3

[By Larry Sipin]

[Text] Sandiganbayan Justices Manuel Pamaran, Augusto Amores and Bienvenido Vera Cruz and Tanodbayan Bernardo Fernandez face the possibility of defending themselves before the Supreme Court for allegedly failing to serve the interests of the people in the Aquino-Galman case.

A petition seeking the declaration of a "mistrial" of the murder cases against the 26 accused was being prepared by a group of petitioners led by Dean Andres Narvasa, general counsel of the defunct Agrava Fact Finding Board.

WE FORUM acquired a copy of the final draft of the petition which is now being circulated among the would-be petitioners, among them retired Supreme Court Justice Jose B. L. Reyes, MP Cecilia Munoz-Palma, Jaime Ongpin, Vicente Jaime, Joaquin Bernas, Raul Gonzales, Richardo Romula, Agrava Board member Luciano Salazar, and board lawyers Bienvenido Tan and Mario Ongkiko. They will file the petition in behalf of Saturnina Galman and Reynaldo Galman, mother and son, respectively, of military-tagged assassin Rolando Galman.

WE FORUM sources said the petitioners tried to convince Mrs. Corazon Aquino and Dona Aurora Aquino, widow and mother, respectively, of former Sen. Benigno Aquino, Jr., to join them but the Aquinos reportedly stood pat on their stand not to participate in any proceeding related to Ninoy's death.

The main argument against the three justices is their alleged "failure to serve the interests of the sovereign people of the Philippines through gross violations of the cardinal requirements of due process resulting in a mistrial and failure of justice." Fernandez, for his part, will be implicated for allegedly failing to conduct an "independent and impartial prosecution that seeks to present all the evidence that may be made available under all the means provided by the law." The three justices and the Ombudsman will face the common charge of having "made themselves instruments, wittingly or unwittingly, in the miscarriage of justice through their manifest partiality." The High Court will be asked to review the acts of the justices and the Tanodbayan in the course of the 7-month trial.

In the draft petition, Fernandez was taken to task for making things easy for Gen. Fabian C. Ver and Maj. Gen. Prospero Olivas by indicting them as mere accessories although Deputy Tanodbayan Manuel Herrera and his team of prosecutors recommended that they be charged as principals. As enumerated in the draft petition, among the irregularities and questionable developments in the trial were the raffle of the case where the rule on the notification of the interested parties was allegedly ignored; the presence of a Malacanang camera-monitor all throughout the proceedings; the "dizzying pace" with which the trial was conducted; alleged conferences between the justices and prospective witnesses; and alleged interferences of the justices in the work of the prosecution.

The petitioners will also raise the issue of the "biases, partialities and prejudices" in the contempt proceedings involving Malay and lawyer Raul Gonzalez which stemmed from the alleged passing of notes from the bench to the defense counsels during the cross examination of Rebecca Quijano. Also to be deplored is the Tanodbayan's refusal to seek a reconsideration of the Supreme Court ruling on the exclusion of the board testimonies of the accused accessories as evidence against them in the double murder case.

"By his (Fernandez's) failure to ask for a reconsideration, the Tanodbayan deprived the tribunal of the opportunity to correct palpable errors in the majority decision," the draft petition says. At least 14 errors, which the petitioners feel Fernandez should have pointed out to the High Court, are listed in the draft petition. Fernandez will likewise be assailed for blocking the presentation of additional evidence which Herrera was ready to present. Among them are the rebuttal witnesses and the affidavits of American military personnel who had personal knowledge on the Aug. 21, 1983 jet scrambling incident. The petitioners are of the opinion that the testimony of the U.S. servicemen on the alleged effort of the Philippine Air Force to intercept the plane carrying Aquino could strengthen the theory that a "high level conspiracy" was behind the assassination.

Another point against Fernandez is his failure to investigate Tourism Minister Jose Aspiras and Information Minister Gregorio Cendana despite evidence that they may have had prior knowledge on the arrival of the late opposition leader. The petitioners are also set to present proof that Herera was removed from the prosecution panel by Fernandez.

In view of such actions, the Aquino-Galman case will be decided on the basis of the incomplete evidence presented by the prosecution, the draft resolution argues. It says: "Not all the evidence as provided by law was presented...the manifest bias, partiality and prejudices of the court as well as the Tanodbayan in favor of the defense constitute a gross mockery and a dismal failure of justice." The proceedings should be declared null and void because the Sandiganbayan failed to act as an "imparital, independent and disinterested tribunal" and the Tanodbayan "did not exert earnest and genuine effort to present all available evidence," the petition argues. It adds: "The Sandiganbayan and the Tanodbayan acted whimsically, capriciously, arbitrarily and despotically" all throughout the proceedings. As a result, "the sovereign people of the Philippines are bound to suffer grave and irreparable damage and injury if the Sandiganbayan is not restrained from making a decision because such decision may result in a white wash," the petition further argues.

It will ask the Supreme Court to "assert and reaffirm the majesty and supremacy of the rule of law."

#### COLONEL BACALLA DEFECTS FROM ARMED FORCES

HK050539 Quezon City WE FORUM in English 29 Oct-4 N.v 85 p 6

[Text] Just when political observers had started doubting former Senator Roul Manglapus' bold claim, a high official of the Armed Forces of Philippines [AFP] defected to the Opposition. Col. Alexander I. Bacalla last Saturday said he was leaving his post as assistant deputy chief of staff for civil-military operations in protest against military atrocities and graft which he claimed flourish under the Marcos administration. Military authorities issued a quick counter-claim and stated that Bacalla had "deserted to evade military discipline for abandoning his family and to live with another woman."

MALAYA Washington correspondent George Brooks, however, said this could not be true as Bacalla presented members of his family when he made his announcement before some 250 members of the Movement for a Free Philippines at the Dirksen Senate Building in Washington. Brooks also reported that Bacalla said at least 14 other senior military officers would defect within the next few weeks.

Despite last-minute efforts, WE FORUM failed to secure a photo of Bacalla, but succeeded in getting a copy of his defection statement, which is hereby run in full:



My name is Alexander I. Bacalla. I am a full colonel in active service of the Armed Forces of the Philippines. In my capacity as assistant deputy chief of staff for civil-military operations, I am a member of the general staff of general headquarters (GHQ), Armed Forces of the Philippines. In another year or two, I can be a general, the realization of my youthful dream and ambition when I entered the Philippine Military Academy in 1958. But today, with all of you as my witnesses, I am formally announcing my defection from the AFP. Today I am terminating my 27 years of military service.

From hereon, I will join your ranks in the Movement for a Free Philippines (MFP) as a foot soldier. I am at your service in the struggle to regain the basic freedom our people have lost under the Marcos dictatorship. I have come to this decision on my own accord and volition. Not at the spur of the moment, but after so much hesitation, vacillation, and doubt and pain. It is not easy to sever ties with an institution to which one has given the best years of his life. It is not easy to give up one's career at its height for mere fulfillment.

But after wrestling with my conscience, I felt a sense of relief when it finally said to myself, enough is enough. I can no longer wear with pride the uniform I once so proudly wore. Under the Marcos dictatorship, that uniform in the eyes of our people drips with blood, the blood of countless victims of military atrocities and the blood of Ninoy Aquino.

Our people, under the Marcos dictatorship, associate that uniform with the abuse of power and authority, with graft and corruption, with distorted loyalty, with loss of honor and dignity.

I can no longer be loyal to our Commander-in-Chief, Ferdinand E. Marcos. I consider the man most responsible for the deterioration of the AFP -- integrity, competence and morale -- from what it was when I entered the service in 1958 to what it is today. Never has the AFP fallen into such disrepute and ignominy as it had under the Marcos regime. Leadership is contagious. Corruption at the top breeds corruption below.

I can no longer in conscience serve our Commander-in-Chief Ferdinand E. Marcos. He has distorted our sense of duty and loyalty to country by converting the AFP into an instrument of personal rule. Without the support of the AFP, Mr Marcos cannot stay a day in office any longer. If I have not defected earlier, it is because I thought the AFP should reform itself from within. But after surfacing, the reformist movement of the AFP is getting publicity externally, but no response internally. After much-applauded pronouncements of substantive reform, General Fidel Ramos has come to realize that in his capacity as acting chief of staff, he has the responsibility but lacks the authority. It seems that he is only "acting" not doing. For how can he? He was a party to an agreement that during General Ver's leave of absence, he will not alter the command structure of the AFP, all manned by the loyalists of Ver. These untouchables continue to report to General Ver. So even, while ostensibly on leave, General Ver remains in effective control of the AFP, and the numerous civilian and military intelligence services. It is therefore my considered view that under the present leadership it is next to impossible to reform the AFP from within.

What is lacking is the necessary political will that emanates from the civilian leadership at the helm. That political will is simply not there because the assertion of that will by Mr Marcos will only dilute and diminish his power.

I represent more or less 70 per cent of the officer corps of the AFP. These are the officers who are not identified or associated with Ver, Ramos or Enrile. They are not therefore beneficiaries of the prevailing system of patronage, favoritism in the AFP. But they are hemmed in and dominated by 30 per cent of the officer corps who have linked their professional career and private fortunes with their patron in GHQ and Malacanang.

By my defection, I would like to stir the conscience of my comrades in arms that I have left behind. The time has come to make a decision. At a later time, disaffection and frustration may give way to desperate acts that can only ruin their careers or inflict upon the AFP as an institution irreparable damage.

Let my defection embolden them to press for meaningful reforms more forcefully and vigorously in an organized manner. Hitherto, we have only been griping among ourselves to no avail. Organization is a formidable weapon inside and outside the AFP.

To the beneficiaries of the present system, I would like them to realize that the immunity Mr Marcos provided them as an amendment to the Constitution means nothing at all to an angry people.

When the day of reckoning comes, as it will surely come, they will not face military tribunals, but people's courts where justice is swift and sure. If at all, those in power, take heed of my defection, let them "salvage" the prestige of the AFP by the following acts:

1. Retire all overstaying generals without exception, including General Ver and General Ramos. Their services are not after all indispensable to the AFP as an institution. The military has been structured precisely to allow for the orderly retirement of officers past their age or length of service. It is all too clear that they are being retained in the service to serve not institutional ends, but personal and partisan ends.
2. Recall to actual military service all officers assigned to lucrative civilian positions and government corporations. Their assignment to these offices are designed more to reward them for their canine loyalty rather than because of their vouched managerial expertise or efficiency.
3. Dismantle the spy network overseas manned by military officers masquerading under diplomatic cover. They are wasting the people's money spying on the activities of their countrymen abroad.
4. Prosecute those who have enriched themselves in office and those who have committed unspeakable atrocities against our people. Many of these cases are in the files of the intelligence services, the inspector general's service, and the judge advocate general's office.
5. Give personnel in the field, particularly the enlisted men their full allotment and allowances. Under the present setup, a major portion is siphoned off into the pockets of senior officers at various levels of command.
6. Stop the AFP from committing anomalies in the coming 1986 and 1987 elections on behalf of any candidate or party. Fraud and terrorism by units and personnel of the AFP under orders from above are not uncommon occurrences in elections and plebiscites under the Marcos dictatorship.

The demands present our top leadership a challenge and an opportunity to redeem the prestige of the AFP now. But to reiterate my point: It takes political will to undertake military reforms. After all, the question of military reforms is basically and fundamentally not a military problem, but a political problem. For the fight against communist insurgency to be decisive, political initiative must be undertaken to restore the legitimacy of government.

For Mr Marcos to undertake the initiative now is to commit political suicide. Therefore, since that political will cannot come from within it must come from without. That is the meaning of my defection.

I hope that your support in the Movement for a Free Philippines and from friends (of Raul Manglapus) with the involvement of people like us and from the AFP, in alliance with all democratic forces here and in the Philippines, will inspire, encourage and enable Sen Raul Manglapus to assert that political will that will redeem the prestige and dignity of the AFP, in the not too distant future. We owe it no less to our country and our people.

#### BANKERS AWAIT RUMORED PESO DEVALUATION

HK050805 Quezon City ANG PAHAYAGANG MALAYA in English 30 Oct 85 p 7

[By Dennis F. Fetalino]

[Text] It looks like the peso is headed for another hard fall as the banking community is abuzz with reports of another impending peso devaluation. Talks of another major currency devaluation grew louder in recent months as the country's exports failed to get off the ground and the government suffered a foreign currency shortage to meet maturing external obligations and service vital imports. Government officials themselves are fueling the speculations with the so-called technocrats dropping hints that the peso is destined to fall against the dollar by year-end.

Among many indications of another devaluation, bankers noted that usual buyers of both pesos and dollars have stayed out of the money market in anticipation of large movement in the peso-dollar rate. "It's virtually a buyer's market but people are simply not selling," said an executive of a medium-sized Makati-based commercial bank. In the last three or four months, a number of commercial banks stopped participating in the foreign exchange market managed by the Bankers Association of the Philippines as the peso-dollar rate moved downwards from less than P18.50 to the dollar to close to P19 to the dollar.

Sources in banking said that the International Monetary Fund wants the peso to "float" further from P22 to P23 to the dollar, the latter being the base rate Fund economists use in their computations.

Earlier, a top economic minister stated that the peso could depreciate to P19 to the dollar.

But some economists in the private sector and certain businessmen argued that even at these levels, the Philippine currency will still be overvalued. Dr Bernardo C. Villegas of the Center for Research and Communications, a privately funded economic think-tank, had forecast that the peso could depreciate to up to P50 to the dollar.

All these forecasts however, failed to materialize as the peso remained relatively stable over the months, a situation which some observers attribute to government's fierce opposition to the IMF's devaluation plan. With two elections drawing near on the horizon, they argued that devaluing the peso at this time would be "politically disastrous" for President Marcos and the ruling party.

Government is expected to wangle a happy compromise with the IMF by securing a "negotiated devaluation" which would buoy up the export drive and at the same time appease political advisers who worry over the grim scenario of rising prices, shrinking incomes and more social unrest that would result in the event of currency devaluation.

The last time the government implemented a major peso devaluation was in October 1983 when the peso was devalued from P14 to 18 to the dollar, just three months after the July devaluation from P11 to P14 to the dollar.



STUDY REVEALS LABOR FORCE INCREASE, OTHER TRENDS

HK051101 Davao City SAN PEDRO EXPRESS in English 14-20 Oct 85 p 12

[By PCF Media Service]

[Text] The Philippine labor force is expected to increase anywhere from 32.8 million to 36.7 million by the year 2000, and a significant number of these workers will be women. These are the projections of the National Census and Statistics Office (NCSO), based on 1970 levels. Another estimate, prepared by the Inter-Agency Committee on Population and Vital Statistics and based on 1980 surveys, shows that the "medium" projection for the year 2000 is 34.4 million workers. Of these, more than a third will be found in Metro Manila, Central Luzon and Southern Tagalog.

These are among the salient points discussed in "Changing Labor Force in the Philippines," a recent paper published by the Council for Asian Manpower Studies, University of the Philippines, and written by demographers Lita J. Domingo and Imelda Z. Feranil.

Based on published and unpublished censuses and labor force surveys, the report updated past studies on trends in the Philippine labor force and traced the growth of the labor force from the late 1940s to 1983. Data from the censuses showed that the Philippine work force numbered seven million in 1948, doubled in 1975, and totalled 18.6 million by 1980. Throughout this period, the labor force comprised about a third of the total population, and between one-half to two-thirds of those aged 10 or older. The labor force surveys underscored the problems of unemployment and underemployment, with the number of people seeking jobs increasing every year.

Before the 1970s, the authors said, the unemployment rates were 7-8 percent. During the 1970s, the average unemployment rate declined to 4.6 percent. "Despite the decline in unemployment rates across the years, the absolute number of unemployment has been extremely high," the authors said. During 1957-1980, the number of people seeking employment each year always exceeded half a million.

There were generally lower unemployment rates for men than women, but the actual number of unemployed men usually exceeded the corresponding number of unemployed women. From 1958-1976, underemployment rates, based on whether the employee wanted additional work, ranged from 10-31 percent. "Segregating those who were working full-time from the part-time workers showed that there is a larger proportion of those already working full-time who still want more work than those working part-time," the authors said.

Agricultural workers and those in domestic and other services earned low wages when compared to the national average, while those who had the highest earnings were found in electricity, gas and related services; government, community and related services; and mining and quarrying. Although the population growth rate had declined in recent years, the authors, quoting from a World Bank report, said the growth rate was still rapid and it "has led to high rates of underemployment as well as a downward pressure on wages."

The number of Filipinos working in the Middle East had risen from 1,552 in 1975 to 210,972 in 1982. But, the authors noted, "the continuation of this upward trend is uncertain given recent developments in certain countries of the Middle East...as well as the growing competition of cheap sources of labor from other Asian countries.

The study showed that from the late 1950s up to the mid-1960s, there were more self-employed, including unpaid family workers, than wage and salary workers. The ranks of the self-employed, however, diminished during the late 1960s, and by 1975 there were more wage and salary workers than self-employed and unpaid family workers. The increased number of the wage earners was due to agriculture, manufacturing, government and related services as well as domestic services.

The authors said the problem of providing jobs in the Philippines "is continuously aggravated" by rapid population growth, and there is an urgent need to identify the appropriate course of action "in order to attain the ultimate objective of improved welfare for all the people." The authors concluded that this will require a review of how the labor force performed, an examination of government policies and strategies, and "an understanding of the broad social and cultural transformations that seem to be in process in the country."

#### VERITAS ON POLITICAL STANCE, ACTIONS OF BAYAN

HK050623 Quezon City VERITAS in English 3 Nov 85 p 10

[By Joann Baena Cruz]

[Text] It was conceived as the organization that would attempt what had so far remained elusive: the unification of all "genuine nationalist, democratic and patriotic movements, organizations and individuals." Generally labelled the "cause-oriented groups," most of these had been active in the past but had maintained a tactful existence until after the Aquino assassination when they took on a more visible, even assertive, form. Whether the Bagong Alyansang Makabayan (Bayan) [New Nationalist Alliance] has been able to approximate their objective is a sore point with them and debatable as well. But if the way the military has been inextricably caught up in their affairs is any gauge, then Bayan has definitely become a force to contend with.

Confrontations in the past between Bayan and the military have always been heated and emotional -- whether these confrontations involve "harassing" individual Bayan members as they have claimed, or in the oftentimes violent battles during Bayan's mass actions, which is one of their main modes of pursuing their goals. The nature of these confrontations came to a head during the Sept. 20 Welgang Bayan in Escalante, Negros Occidental where 27 rallyists were shot, and the Oct. 21 peasant rally in Manila where two students were felled by bullets. Both events were sponsored by Bayan.

To combat this turn of events, Batasan legislators, both from the ruling party and the opposition, drew up the Public Assembly Act formulating guidelines of conduct for both law enforcers and those wishing to exercise their rights of peaceful assembly and the freedom to seek redress of grievances. The trouble is, Bayan members complained after reviewing it, the rally bill appeared to them to be just another "restriction" on these basic rights -- a restriction aimed particularly at Bayan. Still, proponents argue that the bill was geared toward preventing further bloodshed.

So-called "dialogues" between the military and Bayan during demonstrations invariably reflect a pattern.

As in the last Sept. 21, rally, Brig. Gen. Narciso Cabrera asserted that the rally was "infiltrated" by "communists" and "subversives." As always, Bayan officials, in this case Bayan chairman Lorenzo Tanada, issued the standard denial and explanation: "We have had many rallies before and they were all peaceful. They (the military and government authorities) are only trying to look for an excuse to prevent people from expressing their feelings, their anger."

While that is one way of looking at it, military and government authorities apparently see it as their duty to maintain the peace and quell what appears to them to be potentials for uncontrolled emotions to erupt.

While most of the rallies have been peaceful, their dispersals, on the other hand, have often times been characterized by violence by the use of water cannons, tear gas, truncheons and, as in Escalante, a machinegun. It has brought to the forefront the nagging question of how competent are the troopers assigned to "protect" the rallyists.

While other opposition groups have likewise conducted demonstrations, Bayan members point out that it is only during Bayan rallies that the military exhibits a particularly hard-line policy. Bayan national leader Ambrosio Padilla maintained in an interview with VERITAS that the reason behind this is that "Bayan is the power of the people. Bayan represents the people."

Often Bayan officials echoed this view. Said Firmo Tripon of Bayan-Metro Manila: "It is only under Bayan that all these (cause-oriented) organizations are beginning to unite. The opposition before had no real unity. The government is terrified of a unity that will be nationwide. If that is achieved, then the government falls, as seen elsewhere in the world."

Joe Castro, also of Bayan Metro-Manila, agreed: "Bayan represents the most militant of the cause-oriented organizations. The U.S.-Marcos dictatorship really considers Bayan as representing the broadest alliance of basic sectors in Philippine society which are all calling for a radical restructuring of the system. Bayan also puts primacy on people's militant action and has steadfastly refused to work within the framework of the dictatorship but rather at the periphery. Such a stance has inevitably conflicted with those who opt for a more "moderate" and "sober" line, as evidenced no less in the birth of Bandila [Social Democratic Opposition Alliance] which split from Bayan even as the latter was being formally established. Bayan authorities concede that their "anti-imperialist, anti-U.S.-Marcos dictatorship, anti-fascist, and anti-feudalist" ideology may have turned off those who eventually joined Bandila. These have in turn thrown the "communist bogey" at Bayan. But Bayan has responded likewise in no uncertain terms, alluding to Bandila's seeming "immunity" to military displeasure.

According to Rolando Olalia of Bayan's national council, "it's public knowledge that Bandila is composed of elitists, capitalists who control the political and social structures of society. It's impossible to charge these people with being communists or subversive." He pointed out that Bandila is also composed of the "traditional politicians" whose dogma is reflected in Bayan's similar aim of "dismantling the Marcos dictatorship" but stops short of Bayan's inclusion of the "U.S.-Marcos dictatorship."

"Bandila," Tripon concurred "is organized largely by middle class elements and does not have as strong a following as Bayan. Why? Because of their elitist character. Bandila is no threat to the government. Bayan is."

Being described as "infiltrated" is a sensitive issue with Bayan yet they feel they are compelled to be realistic about the situation. Still Bayan officials claim that the military has yet to produce a single "infiltrator" or even show proof of one.

Observed Castro: "Let me put it this way. Bayan stands for a pluralistic society. Now, infiltration is by so-called subversives and communists. How can Bayan be infiltrated when Bayan itself is calling for radical changes in Philippine society?" He stressed that the cry of "infiltration" and raising the specter of the "communist bogey" has been a "favorite line of any ruling group."



Tripon told VERITAS: "The government is always crying out about communist infiltration. What about CIA infiltration? Which is more dangerous? They're using it as a deterrent, a weapon to create fear and intimidate people." He continued: "Let me be honest with you. If the communists were not with Bayan, then they're fools. They have to be. Every organization that carries the interests of the populace (has to be). As to whether I know them, I don't. No one is going to advertise that he is a communist. As to whether the communists are running Bayan, that is false. Many people in Bayan, while they might be leftists, are not communists and many of the leaders of Bayan are not communists. If it were a communist front, then the non-communists would not take positions of responsibility.

"I'm a non-communist but I have nothing against them (communists). Communists are most likely in Bayan. Why doesn't it bother me? Mainly because I don't believe in the black propaganda launched against them. That's U.S. imperialism's ploy. Second, they are a reality. Communism is a reaction to the repression that one sees in this society." At this point, said he, differences should be forgotten so that a true unity can be forged to effect changes.

It seems apparent that, by the very nature of the group itself, Bayan is bound to remain at odds with those who seek to maintain present conditions and those who opt for what they believe to be "more practical" solutions to problems they perceive today. The idea that such a volatile group of "causes and individuals" can be banded together under a "single unified command" certainly poses some threat to those who do not agree with the methods employed.

But the fact remains, however, that Bayan has managed, even at the expense of "offending sensibilities," to draw attention to their cause. The irony is that while Bayan's potency is derived from its mass base support, it is also one of Bayan's liabilities.

#### BAYAN BRIEFING:USSR TARGETING U.S. BASES

HK051005 Davao City the MINDANAO DAILY MIRROR in English 16 Oct 85 pp 1, 7

["Frankly Speaking" column by M. Jacela: "20 Million Dead at First Blast"]

[Text] If you were to believe BAYAN [New Nationalist Alliance], right now there are 3 Russian ICBMs (Intercontinental Ballistic Missiles) aimed at the Philippines or more particularly at the United States bases here. Lean Alejandro, secretary-general of BAYAN said these ICBMs could trigger the death of 20 to 30 million Filipinos at first blast. That is, if someone mad enough from the USSR would push the panic button that would start a nuclear war, a holocaust with nobody ending the winner.

Precisely because of this threat, BAYAN, a political force whose chairman is former senator Lorenzo Tanada with another former senator, Ambrosio Padilla as president, clamors for the removal of the U.S. bases. The bases are a threat to the very survival of the Filipino race, so claims Alejandro who also tells of how the bases here are being used as launching pads in wars of aggressions by the United States. As to how it is to be dismantled peacefully without any bloodshed and violence, Alejandro sheepishly admits BAYAN doesn't know but of course they are open to suggestions and negotiations. Slejandro, an AB graduate of the University of the Philippines and the only BAYAN member of known stature who faced the local mediamen in a press briefing last Sunday at Merco (Bolton), displayed the same candidness throughout the "getting to know BAYAN" conference.

Several though couldn't help thinking aloud why Atty. Silvestre Bello himself wasn't around during the briefing. Bello did the inviting, so everybody presumed he would be there. But his non-presence and those of the rest of the local leaders of the federation responsible for all those Welgang Bayans, was no great loss.

Alejandro, articulate and knowledgeable, answered ably all the questions thrown at him, including those asked by foreign journalists. Samples of these thorny questions and Alejandro's replies are:

Question: If BAYAN and the rest of the coalesced opposition were to come into power, will they pay the IMF loans?

Answer: Only the loans which are proven to have directly benefitted the people will be paid. We are realistic enough to realize the economic repercussions of an international cartel. Naturally, the loans will become smaller because the rest of the loans pocketed by the previous regime and its cronies will have to be paid by the culprits themselves.

Q. What would be your economic program?

A: Nationalize all services directly related to the people to do away with sheer profit making. Like the telephone, water and the electric light companies. Nationalize all banks, encourage local entrepreneurship and capitalism hand in hand; allow foreign investors on a selective basis.

Q: How come the Welgang Bayan is successful only in Mindanao?

A: The forces of Marcos are concentrated in Manila. But we plan to go on launching a series of Welgas with each one getting more and more bitter and militant until in 1986 we will finally call a nationwide Weiga including Manila.

Q: In the last Weiga (transport strike) in Davan City, wasn't fear a main factor why no driver dared to ply his vehicle and most Davaoenos preferred to stay in the safety of their homes?

A: No comment. We realize the effectivity of strikes, rallies and demonstrations as means of protests and we intend to use these to the hilt until the present regime either resigns or is defeated in an honest elections assuming there would be honest elections.

Q: Military figures say there are some 12,000 armed New People's Army rebels. With Marcos out of the picture, do you think these NPAs will lay down their arms and join the new government?

A: Let us take 2 scenarios; one that they helped in the change, so they should hold on to their arms and co-exist with the military. Scenario 2 -- The NPAs would probably continue their armed struggle if they feel there is really no great change in the structure of the government.

Q: Has BAYAN been infiltrated by the communists?

A: That's the red scare campaign being foisted by both the government and the U.S. to coverup pressing issues like hidden wealth, poverty, exploitation and backwardness. But the people are wiser now and aware of the real issues.

Q: Is BAYAN really dominated by the National Democratic Front, said to be the political front of the CPP (Communist Party of the Philippines)?

A: (Laughs off question) All our decisions come from the various councils comprising BAYAN. We are not personality-oriented. We are for democracy but we are not limiting ourselves to the elite forms of democracy.

Q: (From a U.S. Journalist) Will the new government summarily execute all the officials of the previous leadership if you were to step into power?

A: The future government will be compassionate, not self-righteous, neither will it adopt a holier-than-thou attitude. We will not be like Khomeini of Iran or the Khmer Rouge of Kampuchea who annihilated their enemies when they assumed power.

Q: Granting BAYAN and the coalesced opposition would come into power, what will you do with the hidden wealth issue?

A: If we were to win in the uphill struggle, we will pressure the Swiss banks to return the dollar accounts of you-know-who, try to have their hidden assets abroad frozen, confiscate all these properties and either turn these over to the rightful owners or use them for the people.

Q: What kind of government do you intend to put up?

A: A Democratic Coalition form of government wherein all parties who joined in the struggle from the legal to the illegal, armed to the non-armed, majority to the minority will be given equal representation. The principle essentially is to return the choice to the people and that victory is usurped not by one group or one party.

Conference ends for some cynical newsmen with a note of disbelief at the utopian picture presented by the BAYAN spokesman. Considering the diverse personalities that make up the fragmented opposition, and the awesome power of the present dispensation that they seek to topple, will BAYAN and its ilk ever be successful?

When they cannot even attend in full force a press briefing they themselves called in the first place?

#### VIRATA LIMITS APPEARANCES OUTSIDE METRO MANILA

HK060821 Quezon City Maharlika Broadcasting System in English 0800 GMT 6 Nov 85

[Text] Prime Minister Cesar Virata has canceled all of his speaking engagements outside Metro Manila. The cancellation is due to new political developments in the country. Virata was scheduled to keynote this afternoon the annual convention of the Philippine Institute of Certified Public Accountants [PICPA] in Baguio City. Sources at the Finance Ministry said Virata called up the PICPA president canceling his speaking engagement.

#### MINISTER ADMITS INVESTORS LACK CONFIDENCE

HK050747 Quezon City ANG PAHAYAGANG MALAYA in English 29 Oct 85 p 6

[By Maria Rosa Ocampo]

[Text] Despite the seeming improvement in the economy, business has not perked up as expected because investors are being held back by the "psychological hangover" from the 18 months of wrenching economic adjustment measures. In the government's first admission so far of investors' prolonged lack of confidence in the system, Economic Planning Minister Vicente Valdepenas also projected that "it will take (investors) a little bit of time to shake off" the negative impact of the "rigid" economic measures that stunted demand, supply, production and even the consumers' ability to buy their basic daily requirements.



Valdepenas said this is evident in the 25 per cent decline in investment spending of both the private and government sectors and a very slight increase in real consumption of households of .06 per cent to 1 per cent.

Few businesses have touched the \$3 billion revolving trade facility made available last August and few importers really opened letters of credit (LCs) even as banks are awash with money available for lending. Valdepenas did not say how much of the \$3 billion revolving credit facility was tapped. He said the Central Bank will come out with the figures later. Clearly, lowered interest rates and inflation rates have not stirred the business community into activity with businessmen repeating time and again that the lack of confidence in the system prevents them from increasing their investments. The National Economic and Development Authority says annual rate of inflation dropped from 60 per cent in November 1984 to 12.7 per cent as of September and interest rates declined from 37.4 per cent last January to 15.2 per cent as of Oct. 11.

However, businessmen's fears go beyond these statistics. Current economic policies, they feel, are detrimental to their operations which had already been slowed down by slack demand and undercapacity utilization. They want clear-cut and definite guide-lines from the government concerning trade and industrial policies. They also fear the worst for plans to liberalize trade through the removal of import restrictions and lowering of the tariff walls.

#### DAVAO PAPER SAYS U.S. MUST ALTER POLICIES

HK050937 Davao City PEOPLE'S DAILY FORUM in English 15 Oct 85 p 2

[Editorial: "America Must Act to Save R.P."]

[Text] The Reagan administration policies towards the Philippines, unless reexamined, are inexorably pushing this beleaguered country to the fates that befell Cuba, Vietnam, Iran and recently, Nicaragua. The U.S. blunders in dealing with the problems of those nations came largely from the over-simplistic perception of drawing the hard line between Communism and Democracy and the People's struggle for reforms in U.S.-backed governments. Thus U.S. policy blunder is influenced by the cold war syndrome -- the struggle between the Soviet and Western blocs over territories considered spoils of World War II.

The Vietnam War for example, was the Vietnamese struggle led by Ho Chin Minh against the French. Ho was not a Communist but was forced to seek Communist aid when the U.S. sided with the French. America got into the thick of the strife and installed its puppet government in the person of Ngo Dien Diem. Diem, a Catholic, was not acceptable to the Vietnamese who are predominantly Buddhists. Later, the Americans replaced him with Nguyen Cao Ky, an honest leader but "yes-man," against popular clamors for Nguyen Van Thieu, an equally honest but uncompromising leader.

Fidel Castro's revolution was not a Communist revolution but a revolt against the corrupt U.S. backed regime of Fulgencio Batista. Castro sought Soviet aid because of American intervention in Cuba's internal civil strife.

Iran under the Shah was exploited by the U.S. Anglo-French oil companies. The Shah was deposed by Mossadegh who nationalized the oil industry. Mossadegh was overthrown by the C.I.A. and reinstalled the Shah power. The Shah of Iran was a mere puppet of the C.I.A. The C.I.A. organized gestapo police to harass or liquidate those who opposed the Shah rule but despite it, the Iranians won in their revolution under Khomeyni. America lost in all its efforts in those countries because the leaders it backed up were not acceptable to the people. The same scenario is unfolding in the Philippines.

The people's struggle against economic and political oppression by the Marcos regime is being perceived by U.S. policy-makers as a Communist struggle against a democratic institution. The Marcos regime has mangled every essence of the American democratic principles in the Philippines and has converted the country's patrimony into a hunting ground of U.S. multi-national firms in cohort with presidential cronies, to the exclusion of the ancestral owners, in the same way that U.S. America has neglected the welfare of the American Indians.

If the Communist Party of the Philippines [CPP] has been in the vanguard of the people's struggle against the Marcos regime it is because the legitimate political opposition was outlawed during the Martial Law regime, and had left to the CPP/NPA [New Peoples Army] the role of check-and-balance in governmental affairs.

If America wants to save the Philippines, her policy makers in Pentagon, in Washington, in the C.I.A. and in the security council must reexamine their perceptions of the Philippine situations towards strengthening the legitimate political opposition.

#### COLUMNIST DISCUSSES NEED FOR U.S. BASES

HK051027 Davao City MINDANAO TIMES in English 12-29 Oct 85 p 2

["Times Dialogue" column by Jose I. Angliongto: "Do We Need the U.S. Bases?"]

[Text] The RP [Republic of the Philippines]-- U.S. bases agreement is up for serious review in 1988 or 1989. The agreement will expire in 1991. Formal negotiations between the Philippines and United States will be held to determine whether the two American bases should continue beyond 1991. The U.S. military bases have been a major domestic issue in Philippine politics. To many angry Filipino nationalists, specially the radical opposition, the two U.S. bases in the Philippines symbolize American imperialism. To some concerned citizens, they increase the chances of inviting nuclear attack in case of a nuclear war between the super powers.

The two Philippine U.S. bases no doubt provide important tactical support to U.S. global military readiness in serving the Seventh Fleet and projecting its power from East Asia to the Persian Gulf. Until the time that U.S. defense will be able to perfect its laser technology in its "Star Wars," the Subic U.S. Naval Base and U.S. Clark Air Base remain indispensable to U.S. global military and political strategical importance.

No doubt, too, the two bases have provided a certain degree of security for the ASEAN states. This is particularly important after the Cam Ranh Bay has fallen into the hands of Soviet Union providing the Russians with its first true overseas military base, and giving the USSR heightened capability and capacity to project military power throughout Southeast Asia and into the Indian Ocean.

When the United States began reducing its military strength in Asia following the Vietnam debacle, the Soviets began emphasizing the Far East in their military program. The expansion started since 1965. It clearly points to greater Soviet interests and involvement in East Asia and the Pacific. According to the Spring issue (1985) of ASIA-PACIFIC DEFENSE FORUM the Russians in the Far East military strength now has more than 50 army divisions, 800 naval ships, 2,000 fixed winged aircraft, and 163 SS-20 launchers, far beyond the assets of the United States and its Asian allies and for the foreseeable future. If this trend continues through 1990, the Soviets will have a potent offensive force to project military powers throughout Asia-Pacific basin and simultaneously fight on another front.

We have written the importance of the two U.S. Philippine bases in terms of U.S. and the ASEAN security and interests. How about from the point of view of purely Philippines? Irrespective of some political irritants that always exist in any foreign bases, the two bases, in our perception, at present serve not only the U.S. and ASEAN interests but also provide umbrella security to the Philippines.

Will not the two bases invite nuclear attack in case of war? We strongly believe that in a nuclear war, the nature will be global and total. It makes no difference if the two bases will be attacked by nuclear warheads or not. For in a total nuclear war, no nation in this planet earth will be exempted. If the nuclear bombs don't kill us the fall out will. Therefore, it makes the subject academic. The solution, therefore, is to avoid nuclear war. And mutual deterrent at present is the only way to prevent nuclear war until nations start to trust each other.

Can the Philippines be a neutral country as suggested by some critics by removing the two U.S. bases? Neutrality doesn't have full guarantee that the superpowers will respect it. The Philippines being located in a strategic location, there is nothing we can do to stop a superpower race to occupy it in the event of a global conflict. To be able to preserve the neutrality policy we must still have defense capability to deter any foreign aggression. Even Japan now realized it and had started to increase its self-defense budget.

The irony of our present defense budget of P7.8 billion is, our Air Force cannot even purchase a single F-20 which is technologically inferior to the F-15 but technically capable for developing countries. Our present external defense no doubt is depending on U.S. umbrella protection, specifically the presence of the two U.S. bases in the Philippines. No amount of nationalism can change this fact. We might not like it but we must face the fact that small nations such as ours can not afford the luxury of the ego of a super-power. Survival dictates that we must be realistic and pragmatic. Until the time we will be able to find a fool-proof solution to protect our national security we are afraid that the two bases are presently indispensable to our national interests as they are to the United States.

#### U.S. RICE EXPECTED TO COUNTER RISING PRICES

HK050839 Quezon City ANG PAHAYAGANG MALAYA in English 30 Oct 85 p 7

[Text] The dumping of some \$40-million worth of American rice surplus under a highly controversial U.S. commodity grant will be completed early next week amid suspicions that the government is set to stabilize prices by flooding the market with cheap imported rice. An industry source said yesterday that the remaining 17,000 metric tons of the 139,000-ton rice deal are expected to arrive in the country on Nov. 3, a total of 123,000 m.t. of this California rice under the Public Law [PL] No. 480 have already been shipped here since September. These shipments will bring to 380,000 m.t. the country's rice imports for 1985. A total of 110,000 tons from Indonesia and another 130,000 tons from Thailand under a fertilizer-rice swap were shipped here earlier in time for the traditional lean months from July to September. Sources bared that these shipments, including an alleged "secret importation" of another 100,000 m.t. from Indonesia, will be used by the National Food Authority [NFA] to flood the market with cheap rice in an effort to stave off a feared spiralling of rice prices.

Jaime Tadeo, national chairman of the Kilusang Magbubukid ng Pilipinas (Peasant Movement of the Philippines), charged earlier that the NFA is apparently helpless in checking the soaring rice prices following the lifting of all price controls on the staple last Oct. 1.



He added that the food agency, in failing to corner the palay harvests since the summer planting season, will not have enough clout to stabilize prices without resorting to heavy importations.

NFA administrator Jesus Tanchanco countered, however, that the U.S. rice shipments will not be sold this year and will only form part of the country's buffer stock for 1986 in view of the projected favorable harvests this main planting season. Agriculture Minister Salvador Escudero III had projected this year's rice production to reach 8.2 million m.t. or slightly higher than the record-high volume of 8.1 million tons in 1982.

Agriculture officials said the PL 480 rice was given at a "close to give-away" interest of only two percent per annum, payable in 30 years. A ranking ministry official disclosed, however, that the U.S. government had agreed to ship its excess rice here in exchange for certain "requirements," particularly the deregulation last July of the thriving P3-billion flour industry.

#### OPPOSITION MP'S CRITICIZE DEFENSE BUDGET

HK050745 Quezon City VERITAS in English 3 Nov 85 p 13

[By Efren L. Danao]

[Text] The rebels are surrendering in droves. President Marcos thundered in the Nightline interview about two weeks ago. Despite the "droves of surrenderers," however, the defense establishment has been given the lion's share in the 1986 "budget for economic recovery."

"Nothing could be more illustrative of the Marcos administration's wrong sense of priorities," MP Jaime Ferrer (Opposition, Las Pinas-Paranaque) told VERITAS.

For 1986 defense gets P10.59 billion or 15.7 per cent of the cash budget of P67.4 billion or 1.7 percent of the obligation budget of P90 billion. The obligation budget includes the cash budget and the continuing appropriations under existing laws like debt service and public works acts.

In contrast, the Ministry of Education, Culture, and Sports gets P9.1 billion; the Ministry of Public Works and Highways, P5.2 billion; Ministry of Health, P3.4 billion; state colleges and universities, P2.4 billion; Ministry of Agriculture and Food, P1.6 billion; constitutional offices, P890 million; the judiciary, P812 million, Ministry of Labor and Employment, P652 million; and the Ministry of Social Services and Development, P430 million. The 1986 defense budget is about 19 percent higher than the current defense budget of P8.85 billion. In contrast, the Ministry of Agriculture's budget for 1986 is only about P109 million or seven per cent more than the current year's P1.497 billion.

Government technocrats have been saying that the promotion of agri-business is vital to economic recovery. If the government prediction of a 10 percent inflation rate for 1986 is considered, then the agriculture budget for 1986 does not represent any increase in real terms.

In justifying the defense budget President Marcos said in his message: "The increased tempo of subversive and terrorist activities of insurgents has brought about fear and despair in many rural communities and even in urban areas. Thus, counter-insurgency measures must be an urgent priority of the national government and must how be reflected in our budgetary program."

The President also said that outside of Indonesia, the Philippines has "one of the lowest defense expenditure-to-total budget ratios in the ASEAN region." He announced that the defense expenditures will be geared toward the following:

1. The improvement of the operations effectiveness and capability in military operations and combat support.
2. The further upgrading of the morale and discipline of troops.
3. The strengthening of the people's confidence in the defense establishment.
4. Assistance in the implementation of civic action program.

During the budget hearing, Defense Minister Juan Ponce Enrile said that the defense budget is "big but not enough" to correct the deficiencies in the requirements of the Armed Forces of the Philippines. He said that in 1970, when he first became Defense Secretary, the share of his department in the national budget was 18 percent compared to 11 percent in the current budget.

MP Oscar Santos (Opposition, Quezon) told VERITAS that the increase in the defense budget may be justified only if it will be used for the upgrading of the salary of the ordinary soldier and not for the purchase of "costly" hardware. "A big number of military abuses is traced to inadequacy of pay. If the expenses for the purchase of tanks and helicopters were channeled instead for the soldier's salary hike, then we may see less of extortion, illegal gambling operations, and other nefarious activities by some soldiers assigned to remote areas," Santos said.

During the Question Hour last May 14, Enrile said that the Sikorsky helicopters were not costly hardware "because you cannot buy a helicopter of the type that we acquired for less than \$3 million each today. Now, a Blackhawk helicopter, depending upon the armaments and avionics, will cost about \$6 million. The defense of a nation is always very expensive in terms of lives and materiel and you cannot have a nation unless we want to be slaves of other countries." [sentence as published]

Santos insists just the same that there is no need for costly military hardware. He said that six tanks are deployed in the small town of Calauag, Quezon province, and quoted a former commanding general in the area as saying that most of the time, the tanks are used to tow vehicles that bog down in the town's rough roads. Among the items on the defense budget are P6.5 billion for personnel services, P286.87 million capital outlay for equipment, P212 million for intelligence, and a small P76.9 million for debt service.

MP Jaime Ferrer contends that the defense budget is unnecessarily huge because it is "top heavy." "There are too many commands and too many generals, most of them extendees," he bewailed. Ferrer, a former guerrilla leader, said that the administration erred in copying Western military standards when what the country needed is a more mobile, more manageable armed forces. He noted that during the time of President Ramon Magsaysay, there were few generals and the proportion of soldiers to insurgents was much less than today "and yet, the armed forces routed the insurgents." He added, however, that the military then had a superior intelligence network that enabled the command to keep the insurgents continually on the run.

"That policy of continuous pursuit, authorized by Colonel Valeriano, was a model in guerrilla warfare imitated by other countries. The guerrillas were not given a breathing spell. Now, we are ignoring the Valeriano policy and imitating Western military standards. It's complete waste in life and money," Ferrer said.

#### NATIONAL DEMOCRATIC FRONT FORMS COUNCIL IN PANAY

HK011027 Quezon City VERITAS in English 27 Oct 85 p 19

[By Patricia L. Adversario]

[Text] The clandestine united front alliance waging a people's war against the "U.S.-backed Marcos dictatorship" has announced the establishment of its regional council in the central Philippine island of Panay. According to LIBERATION, the official publication of the National Democratic Front [NDF], sent by mail to newspaper offices, the NDF Provisional Regional Council of Panay was formally constituted during a conference held last July 28-30. Some 26 delegates representing Panay's various national democratic sectoral and multi-sectoral organizations and territorial units attended the meeting in a "guerrilla zone" located in Iloilo Province. The gathering was considered by a leading member of the Panay NDF Council as a "triumphant event for the revolutionary movement" on the island, LIBERATION said. "It comes at a time when we are entering a period of advancing towards a strategic shift in the balance of forces in the revolution in the entire country."

The NDF leader also pointed out that "the establishment of the NDF-PANAY Council will further push our revolutionary struggle in the island, to make it march in step with the overall progress of the people's war" in the Philippines. Last April 1, the NDF scored a publicity coup when it announced the establishment of its first regional council in the southern Philippine island of Mindanao at a secret but well-attended press conference there.

Meanwhile, Luis Jalandoni, the international spokesman for the NDF, recently stated that the clandestine coalition is willing to cooperate with other parties including the United Nationalist Democratic Opposition "as long as there is principled basis for such cooperation." In a recent interview by the British Broadcasting Corporation, the former priest cited as example the "firm position of the Filipino people against the presence of U.S. bases and troops" as basis for cooperation. Jalandoni predicted that, barring a reimposition of martial law by President Ferdinand Marcos, there will be a constitutional transfer of power in the country soon due to strong U.S. pressure. He explained, however, that since the threat of U.S. intervention in the country exists, "we have to prepare (the Filipino) people for such eventuality."

#### MARCOS ANNOUNCES EXTENSION OF LIGHT RAIL SYSTEM

HK060411 Manila Far East Broadcasting Company in English 2300 GMT 5 Nov 85

[Text] The government plans to extend the light railway transit [LRT] from Manila to Cubao, Quezon City and to a portion of Luzon on the Pacific coast. President Marcos disclosed this to incoming Belgian Ambassador to the Philippines Alain Reis who presented his credentials to the chief executive at Malacanang. Citing the LRT as a monument of Philippine-Belgian relations, the president said we look forward to possibly extending it to new areas towards the east because Manila is getting crowded. At the same time the chief executive took the occasion to thank the Belgian people for the help they have extended to the Philippines.



SUGAR PLANTERS DEMAND OVERDUE PAYMENTS

HK041409 Quezon City VERITAS in English 3 Nov 85 p 19

[Text] Sugarcane planters and millers, recently demanded payment long overdue collectibles of over P1.2 billion from the National Sugar Trading Corp. (Nasutra) to alleviate economic and social hardships in the sugar industry, particularly for the workers and their dependents. The demand was made by the Sugar Producers Coordinating Council (SPCC) headed by Member of Parliament Homobono Sawit (KBL, Tarlac) in a letter to Ambassador Roberto S. Benedicto as Nasutra chairman. Sawit stressed that "these long overdue obligations of Nasutra to producers must now be paid without discrimination; they consist of P761 million for domestic sugar delivered since March 3, 1985, and over P442 million in export price differentials for crop year 1984-85." The SPCC's letter to Benedicto, Prime Minister Cesar E. A. Virata, and President Marcos urges the adoption of 11 recommendations, including the immediate payment of long overdue accounts, to alleviate critical problems of the sugar industry. The other ten are:

1. Implement a quedan financing system with the start of the 1985-86 million season to immediately pay producers on a weekly basis the minimum price of P300 per picul for domestic sugar and an advance of P300 per picul on export sugar;
2. Determine and immediately implement sugar crop loan program for 1986-87 to provide employment to workers and prevent the collapse of next year's crop;
3. Stop financial subsidies and assistance to government owned or controlled mills to enable free market forces to operate without government interference. These mills must be disposed of to raise government funds, in the manner that coconut oil mills are being sold. Last year alone, government controlled sugar mills for close to P1 billion, and owe the huge amount of over P9 billion.
4. Declare specific policy not to import sugar which would only exacerbate already serious problems of unemployment, poverty, and other social and economic disorders now widespread in sugar areas. Neither should exports be made to the world market at less than the cost of production;
5. Declare specific policy that producers will not be obligated nor made to pay for \$25 million foreign and other Nasutra debts;
6. Philsucom [Philippine Sugar Commission] must confine its activities to developmental and informational functions and shall have nothing to do with Nasutra/Philsuma [Philippine Sugar Marketing Corp.] operations;
7. Limit function of Philsuma to support domestic price level of P300 per picul and not compete with private traders;
8. Pay producers actual benefits from export sugar sold in the United States market;
9. Full accounting of operations of Philsucom and Philsuma and audit by the Commission on Audut; and
10. Implement the conceptual approach for Philsucom modeled by the Central Bank Monetary Board where members from the government or private sectors are prohibited from holding any position or owning any equity in the sugar business.

The SPCC said these recommendations were not considered in the formulation and issuance of Philsucom Sugar Order No. 1 last October 17.

EXPORT SUBSIDIES TO BE PHASED OUT OVER 2 YEARS

HK040611 Manila BULLETIN TODAY in English 3 Nov 85 p 25

[Text] The Philippines has committed to the International Monetary Fund (IMF) to refrain from introducing any additional export subsidy or from increasing the overall level of existing ones in the next two years. At the same time, the Philippine government pledged to eliminate the export subsidy elements of existing programs on or before April 1, 1990.

Contained in the revised adjustment program submitted to the IMF management last October, the new Philippine Government commitments reflected the government's adherence to the principle of free trade and the effective enforcement of rules governing multilateral trade discipline, especially the removal of trade barriers. The commitments to phase out all forms of export subsidy follow the Philippines formal accession to the General Agreement on Tariff and Trade (GATT) last June.

They were also in line with the trade liberalization program being carried out involving the lowering of import tariffs on a number of imported products. Tariff reforms implemented during the past several months have already resulted in reducing average nominal tariff rate to 28 percent for 1985, compared to 48 percent before these reforms.

Further studies are being conducted by the government to determine the feasibility of adjusting tariffs below the 10 percent level to at least 10 percent not only to raise revenues but also to make them consistent with the programmed structure of tariff protection. After being set back for about two years following the foreign exchange crisis, the government resumed the program of trade liberalization of import licensing procedures for nonagricultural plant, machinery, equipment and spare parts.

The value of imports allowed per importer per calendar month without prior approval from the Central Bank has been increased to \$50,000 from \$10,000. The liberalization of 36 non-essential (NEC) and unclassified (UC) consumer items originally scheduled in 1984 plus 10 other items which were deleted in the 1983 schedule was approved last April 19, 1985.

PROBLEMS THREATEN AGRICULTURE LOAN FUND PROGRAM

HK041532 Manila BUSINESS DAY in English 4 Nov 85 p 2

[By Conrado R. Banal III]

[Text] Problems are threatening to derail the two-month old, World Bank supported and Central Bank [CB]-administered lending program for agriculture -- the sector which the government claims will lead the country out of its present economic mess. Called the agricultural loan fund (ALF) and amounting to about P3.3 billion, the money is hardly being used. The lending program appears to have bogged down amid complaints from the banking system -- the conduit of the fund -- and demands from other government agencies to allow them to handle part of the fund.

The CB is apparently getting worried. While it ponders the solutions to these problems, the country has to pay some \$7.5 million a year in commitment fees to the World Bank for the \$100 million loan it gave for the program. That cost would represent money down the drain unless the ALF starts moving. Worse, without the stimulation that a rejuvenated agricultural sector is expected to provide, economists in both government and private sectors fear that a protracted economic slump seems inevitable. "We may be testing business endurance to its limits," an economist in the National Economic and Development Authority (NEDA) commented.

CB Governor Jose B. Fernandez Jr. however is not just about to sit down and wait. Today, in a meeting with the presidents and board chairmen of the country's commercial banks, he intends to talk about the different facets of the program, ranking CB officials said. He may also try to persuade the banks to take an active role in the program, bankers said. Why is Fernandez suddenly being overly concerned about the ALF which, some bankers noted, has been given a low status in the CB's order of priorities?

Two weeks ago, in a Monetary Board meeting -- where the CB governor, the finance minister, the economic planning minister and the industry and trade minister formulate the monetary policies of the government (the private sector's representative to the board has not been attending in the past weeks) -- it was agreed that the government should give all out funding support to agriculture, sources in the government said.

Higher farm production will give people in the rural areas more income to buy manufactured goods, according to the government argument. The leading problem of industries at the moment is the weak purchasing power of consumers, a survey of the Philippine Chamber of Commerce and Industry (PCCI) reported recently. Factories, which should provide employment that an overcrowded farm sector cannot possibly generate, are operating way below their normal capacities. Thus, the problem of inadequate demand for manufactured goods is compounded by the high unemployment in the industry sector. The ALF was envisioned to spearhead the funding of farm projects, but at the same time, it was designed to change the government setup for its agricultural lending programs. Repayment of loans is the program's main concern, which naturally led to "strict" terms, bankers said. At present, only about 30 percent of the country's rural banks and 70 percent of commercial banks have been accredited as CB conduits for the fund. Foremost among the requirements for accreditation is that a bank must have a low level of bad debts.

Those which have already been accredited are still faced with some problems. For instance, the CB charges a bank 16.7 percent a year under the program in the form of CB time deposits with the bank. Bankers noted that with the banking system awashed with cash, most banks have sharply reduced their interest payments on deposits. Commercial banks are paying at most 14 percent year for time deposits, cheaper than the ALF rate. "A bank would rather use its own money, to make it earn money, to make it earn instead of being idle, than tap the CB fund," a banker commented.

To develop private sector initiative in farm lending is precisely one of the objectives of the ALF program. But bankers said the commercial banking system, which has the money compared to rural banks, for instance, will not go full blast into agricultural lending unless there are enough CB incentives. One of these could be lower CB interest charges, since the yearly rate of 16.7 percent at present is already outdated. Interest rates have generally been dropping recently. The CB nevertheless has enough room to lower its lending rates in the ALF. It pays the World Bank only around 9 percent a year in interest and about 17 percent a year for the money it contributes to the fund. Bankers noted that a lower CB rate would give banks higher spreads for their loans under the ALF program, which they need to compensate for the higher risks involved in farm lending, particularly for loans repayable in five to 10 years. They also said agricultural lending involves higher administrative costs since such loans are generally retail types.

The government also appears to be pushing the CB to give the National Food Authority (NFA) funding for its purchases of grains from farmers so the food agency can maintain its support prices of P.350 per kilo for rice and P2.90 per kilo for corn. Some in the government believe there is need to fund the NFA's support price program for rice and corn as this will assure additional income for farmers which, in turn, will lead to higher sales of manufactured goods in the rural areas. Other however are apprehensive about the NFA's ability to control "leakages" in its operations, particularly in its regional offices, sources in the government said.



DEVELOPMENT AUTHORITY NOTES ECONOMIC PROGRESS

HK040557 Manila BULLETIN TODAY in English 2 Nov 85 p 17

[Text] The National Economic and Development Agency (NEDA) declared yesterday that the country has made "substantial progress" in reversing the economic crisis and in laying the groundwork for "sustainable growth stability." In a report to President Marcos, NEDA said that the stabilization program carried out during the last 24 months was "successful" as reflected in the turnaround in the overall balance-of-payments [BOP] deficit, the build-up in international reserves, and the lowering of inflation and interest rates.

It said that a BOP surplus of \$2.7 billion was registered in the first seven months of the year after taking into account the effects of debt restructuring and adjustment for arrears. Excluding the effects of debt restructuring, NEDA said that the overall BOP surplus for the same period would have been \$355 million, which was higher by \$244 million compared to last year.

NEDA said that the turnaround in the balance of payments was due to a substantial reduction in the current account deficit, which declined by \$837 million. The reduction in the current account shortfall was, in turn, due to a substantial increase of 46 percent in service receipts, the significant drop of 16 percent in imports and the government of 42 percent in net transfers.

Export performance during the same period, however, declined by 13 percent from that of the same period last year. NEDA blamed this dismal performance to "reduced external demand" and "protectionism." But the performance of non-traditional non-manufactured exports posted a growth of 16.8 percent.

From January to August, exports reached \$3,092 million while imports totalled \$3,395 million, resulting in a trade deficit of \$303 million. The gross internal reserves of the Central Bank (inclusive of arrears) stood at \$1,513 million as of Oct. 4, 1985, reflecting an improvement from the end-1984 level of \$866 million.

LABOR MINISTRY NOTES INCREASE IN STRIKES

HK311339 Manila BUSINESS DAY in English 30 Oct 85 p 2

[Text] The number of strikes as of Oct. 23 has reached 316, up by roughly 30 percent from the 245 strikes recorded in the January-to-October period last year, according to the latest Labor Ministry tally. Carmelo C. Noriel, acting labor minister, added however that the rate at which strikes are being settled has gone up to about 90 percent as against last year's rate of about 50 percent. Noriel made this disclosure during a luncheon conference with newsmen.

The acting labor minister said the labor disputes so far this year involved mostly companies with smaller workforces compared to last year. The number of manhours lost as a result of work stoppages however has remained high. Most of the strikes have taken place in companies located in Metro Manila particularly in the town of Valenzuela. Noriel added though that the number of strikes has been declining in recent months. The number of strikes in Valenzuela, dubbed as the strike capital of the country, is down to only seven from a high of 48 in April this year. In the Bataan Export Processing Zone, another hotbed of union militancy, there is only one ongoing strike, he said.

According to the Labor Ministry strike situationer, there were 33 ongoing strikes as of Oct. 23. Some 28 or 85 percent of these were in Metro Manila, while the balance were distributed among Central Luzon, Southern Tagalog, Central Visayas and the province of Zamboanga. Meanwhile, the deployment of Filipino workers abroad has gone down by about 6 percent, according to Cresencio Siddayao, acting administrator of the Philippine Overseas Employment Administration. The deployment of both land-based workers and seamen declined by a similar rate.

#### UNION HEAD DENIES SENATE REPORT ON NPA LINK

HK020858 Hong Kong AFP in English 0847 GMT 2 Nov 85

[Text] Manila, Nov 2 (AFP) -- Philippine unions under the World Federation of Trade Unions (WFTU) today denied a U.S. Senate Committee report that they were being used by the Soviet Union as conduits to offer its support to leftist Filipino rebels. A report for the Senate Select Committee on Intelligence said Moscow has begun positioning itself to offer support to New People's Army (NPA) guerrillas, thinking Philippine conditions were ripe for revolution. The report made public in Washington yesterday said Moscow had greatly enlarged its embassy here and was making indirect contacts with the 16-year-old NPA through local unions affiliated to the Soviet-controlled WFTU.

"As chairman of the WFTU-affiliated union in the Philippines, I have to deny that because there's no truth to that report," labor leader Bonifacio Tupaz told AGENCE FRANCE-PRESSE. He said "never" when asked if the WFTU have had any dealings with the insurgents, and whether the three WFTU-backed labor federations in the country had been used by the Soviets to contact the NPA and offer its support. The Soviet Embassy here was closed for the weekend and mission officials could not be reached for comment.

The Senate report said that while the rebellion was basically an indigenous movement spawned by economic hardship and popular resentment of President Ferdinand Marcos, the NPA may now be forced by its growing numbers to look outside for arms and supplies. At stake for Washington, which has been urging democratic reforms in the Philippines to stave off the rebellion, are two large U.S. military bases that guard the vital oil routes in the region and which counter Soviet naval presence in Vietnam.

The report, based on staff visits and data from intelligence agencies, estimated that the NPA now had 30,000 regular and part-time fighters, more than double the Philippine military's estimate of 10-12,500 men under arms. But it noted that Moscow was keeping its options open by cultivating ties with the Marcos administration.

In a recent trip to Moscow, Mr. Marcos' wife Imelda obtained several trade proposals from Soviet officials, including the expansion of Manila's ship repair industry to service Russian ships.

U.S. State Department spokesman Bernard Kalb said in Washington yesterday: "We would view any scheme that might enhance Soviet maritime capability in the Pacific with concern, and we would think that such a plan would not be seriously considered by the Philippines." President Marcos told visiting American executives Wednesday that Washington and Manila needed to continue their relationship to maintain the balance of power in Asia.

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